



THE VICE PRESIDENT
WASHINGTON

February 24, 1999

Dear Friends:

I am pleased to welcome you to Washington for the world's first conference specifically targeting corruption among justice and security officials.

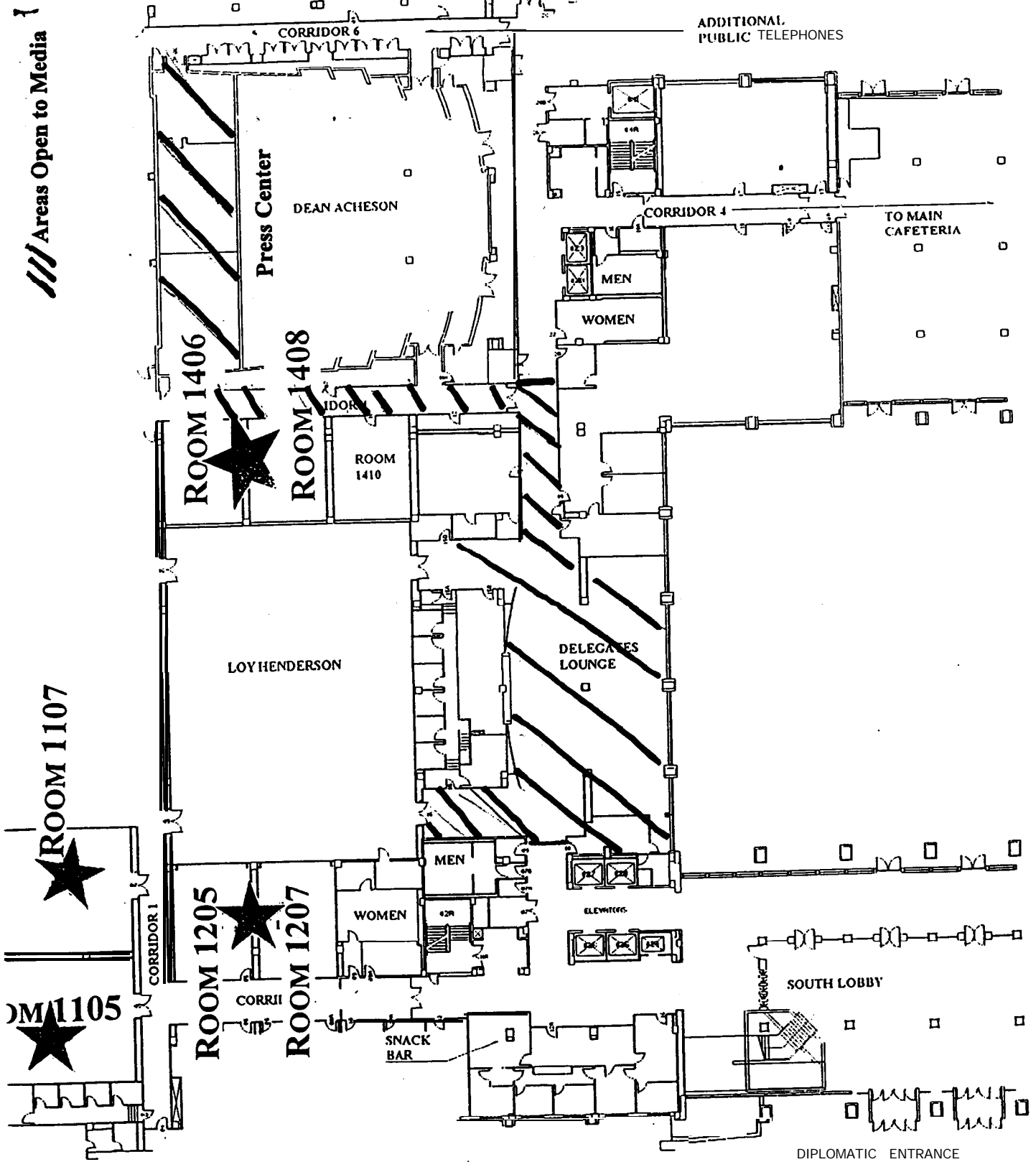
Corruption among such officials is a direct threat to the rule of law. President Clinton addressed this threat in his International Crime Control Strategy of May 1998, wherein he called for a conference to examine real-life situations relating to standards of integrity among justice and security officials. This gathering also responds to the call raised at the June 1998 Summit in Birmingham, England, where the G-8 heads of state directed senior experts to explore ways to combat official corruption. Finally, this conference builds on the work of the United Nations, the OECD, the OAS, the European Union, NGOs including Transparency International, and other organizations such as the Global Coalition for Africa -- all of which are involved in fighting corruption.

Only by acting together can we safeguard our common interest in the rule of law and protect our citizens from official corruption. I am honored to join you.

Sincerely,

Al Gore

MAP OF DEPARTMENT OF STATE



U.S. DEPARTMENT OF STATE

Office of the Spokesman

For Immediate Release
99/152

February 23, 1999

NOTICE TO THE PRESS

Media schedule for Vice President Gore's Global Forum on Fighting Corruption
February 24-26, 1999

The Department of State and the **Office** of the Vice President welcome representatives of bona fide media organizations to "A Global Forum on Fighting Corruption: Safeguarding Integrity Among Justice and Security Officials" to be held February 24-26, 1999. Over 500 officials from 85 countries and over 30 multilateral and non-governmental organizations will join the Vice President for the world's first conference to target corruption from the receiving side – among police, prosecutors, judges, military officials, etc.

All media intending to cover the Global Forum on Fighting Corruption must enter and exit the Department of State through the 23rd Street entrance located between C and D Streets, NW. Press will not be permitted to enter through the Diplomatic Entrance on C Street. The 23rd Street Entrance will open for media access at 7:00am.

SCHEDULE OF EVENTS

[NOTE: ALL EVENTS ARE IN THE LOY HENDERSON INTERNATIONAL CONFERENCE FACILITY, EXCEPT AS INDICATED.]

Wednesday, February 24

7:00am **Doors open on 23rd Street for Press Access**

7:30 am **Pre-set Cameras must be in place**

9:00 am **Opening Session**

Welcome: Madeleine Albright, Secretary of State
Keynote: Vice President Al Gore, Forum Chairman
Remarks: Donald Johnson, Secretary General, OECD
 Pino Arlacchi, Executive Director, UN Crime Center
 Jeremy Pope, Managing Director, Transparency International

PRESS: OPEN

10:30 am **Plenary Session: Significance of Corruption Among Justice and Security Officials**

Moderator: Vice President Al Gore, Forum Chairman

PRESS: OPEN

- 12:30 pm Luncheon (Invited Participants/Benjamin Franklin Room, 8th Floor)**
 Introduction: Under Secretary of State Frank Loy
 Address: Secretary of the Treasury Robert **Rubin**
PRESS: POOL
 (Secretary **Rubin's** address will be available via closed circuit TV in Loy Henderson)
- 2:00 pm Plenary Session: Economic Governance, the Private Sector and Corruption**
 Moderator: Under Secretary of State for Economic, Business and
 Agricultural Affairs Stuart M. Eizenstat
 Presenters: Daniel **Kaufmann**, World Bank
 Maria Livanos Cattai, Secretary General, International Chamber of Commerce
PRESS: OPEN
- 3:45 pm Plenary Session: Ethics Regimes in the Public Sector**
 Moderator: Hon. Stephen D. Potts, Director, U.S. Office of Government Ethics
 Presenters: Miria R. K. Matembe, Minister for Ethics and Integrity, Uganda
 Zhao **Hongzhu**, Vice-Minister of Supervision, China
 Luis **Nicolas** Ferreira, Director, National Office of Public Ethics, Argentina
 Prof. Enrico Zanelli, University of Genoa, Italy
 Howard Keith **Whitton**, Queensland Department of the Premier and Cabinet
 Elaine Kaplan, Special Counsel, U.S. Office of Special Counsel
PRESS: OPEN
- 5:30 pm Dinner (Invited Participants/Benjamin Franklin Room, 8th Floor)**
 Hosts: Vice President Al Gore, Attorney General Janet Reno
- 6:30pm Brief remarks by Attorney General Reno**
PRESS: POOL

Thursday, February 25

- 8:30 am Plenary Session: Legal Frameworks and Enforcement Authorities**
 Moderator: Eric Holder, Deputy Attorney General
 Presenters: Sang Cheon Park, Minister of Justice, Republic of Korea
 Vasyl Durdynets, Director, National Bureau of Investigation, Ukraine
 Philip B. **Heymann**, Harvard University (former Deputy Attorney General)
PRESS: OPEN
- 10:15 am Plenary Session: Upholding Integrity Among Justice and Security Officials**
 Presiding: Vice President Al Gore, Forum Chairman
 Moderator: Prof. Charles Moskos, Anderson Chair, Weinberg College of Arts and
 Sciences, Northwestern University
 Presenters:
 Prof. dr. Anton Bebler, Faculty of Social Sciences, University of Ljubljana, Slovenia
 Dr. Juan Rial, PEITHO, Uruguay
 Dean Walter Kamba, University of Namibia
PRESS: OPEN

- 11:45 p m** **Plenary Session: Religious Values and the Struggle Against Corruption**
 Presiding: Vice President Al Gore, Forum Chairman
 Moderator: Judge John Noonan
- Presenters: Alan Geyer, Washington National Cathedral
 Rabbi Dr. Burton J. Visotzky, Jewish Theological Seminary, New York
 Archbishop Oscar Andres Rodriguez (Honduras), President, Council of Latin American Roman Catholic Bishops
 Dr. Nurcholish Madjid, Rector, University of ParamadinaMulya, Jakarta, Indonesia
 Dr. Yasuo Sakakibara, Daioji Temple, Kyoto, Japan
 Dr. Veena Das, University of Delhi, India
PRESS: OPEN
- 1:30 pm** **Luncheon (By invitation/Benjamin Franklin Room, 8th Floor)**
 Speakers : Justice Stephen Breyer, United States Supreme Court
 Under Secretary of State for Global Affairs Frank Loy
PRESS: POOL
- 3:45 pm** **Specialty Sessions:**
- National Security Forces (National Defense University)
 Other Security Forces (FBI Headquarters)
 Customs Services (Customs Service Headquarters)
 Financial Regulatory Officials (Treasury Department)
 Procurement Officials (Treasury Department)
 Judiciary (Room 1105, Department of State)
 Global and Regional Anticorruption Frameworks (Loy Henderson, State)
 Internal Oversight (Room 1107, Department of State)
 Non-Governmental Organizations (Room 1205, State)
- BUS TRANSPORTATION WILL BE PROVIDED TO LOCATIONS
 OUTSIDE THE DEPARTMENT OF STATE

Friday, February 26

- 8:00 am** **Plenary Session: Strategies for Making Corruption Visible**
 Moderator: Penn Kemble, Acting Director, U.S. Information Agency
 Presenters: Mayor Leoluca Orlando, Palermo, Italy
 Tymon Katlholo, Director, Directorate of Corruption and Economic Crime, Botswana
 Jose Luis Simon, Diario El Dia newspaper, Paraguay
 Discussants: Prof. Roy Godson, National Strategy Information Center
 Nancy Zucker Boswell, Managing Director, Transparency International - USA
PRESS: OPEN

- 10:15 am** **Roundtable for Government Delegation Heads (Ben Franklin Room, 8th Floor)**
Presiding: Vice President Al Gore, Forum Chairman
Presentation of summaries of specialty session
Discussions by session spokespersons
Round table summary discussion
PRESS: POOL
- 12:30 pm** **Closing Session**
Address and Declaration: Vice President Al Gore, Forum Chairman
PRESS: OPEN
- 1:30 pm** **Global Forum Concludes**

**The Global Forum on
Fighting Corruption and Safeguarding Integrity
Among Justice and Security Officials**

PRESS INFORMATION SHEET

The Office of the Vice President and the Department of State welcome representatives of media organizations accredited to A Global Forum on Fighting Corruption and Safeguarding Integrity Among Justice and Security Officials. **Media credentials must be worn at all times while in the Department of State.**

The Dean **Acheson** Auditorium will serve as the conference press center. It is conveniently located next to the Loy Henderson Auditorium, the main meeting site for the conference. **All media representatives must enter and exit the State Department via the Press Entrance located on 23rd Street between C and D Streets, Northwest, Washington.** Press will not be permitted to enter through the Diplomatic Entrance on C Street.

A live feed of all forum events will be broadcast in the **Acheson** Auditorium. The Opening Ceremony from 9:00 a.m. through 10:00 a.m. and the Vice Presidents Introductory Remarks beginning at 10:30 a.m. on Wednesday, February 24th will be shown on a large projection screen. Following the Vice President's remarks, the screen will be stored and the stage used for ad hoc briefings. Closed circuit television coverage of the Forum will continue to be available in the Dean **Acheson** Auditorium throughout the meeting.

All sessions in the Loy Henderson Auditorium are open to the press. However please be mindful of disruptions caused by arrivals and departures during the proceedings

Telephones have been installed for use by visiting press. They are located near the entrance to the Loy Henderson Auditorium. A major credit card (Mastercard, Visa, etc.) or telephone calling card will be necessary to place calls outside the Washington metro area. To access the press telephone room, journalists must pass through the language interpreting area. **Please be considerate of the need for SILENCE while passing through this area.**

Within the **Acheson** Auditorium there are sufficient seats and journalists are welcome to work in the Auditorium throughout the conference day. Press center doors will open at 7:00 a.m. on Wednesday, 7:30 a.m. on Thursday, and at 7:00 a.m. on Friday. Please check with the Foreign Press Center on Tuesday, February 23rd for camera pre-set times. **Each evening the press center will close one half hour following the end of that day's events.**

Scheduled press events as well as ad hoc briefings will take place in the **Acheson** Auditorium. In addition, in two smaller rooms nearby, delegations may also hold ad hoc briefings for selected journalists (e.g. for journalists from country "x"). These rooms will be made available on a first come, first served, sign-up basis. Press officers in the **Acheson** Auditorium will post notifications regarding ad hoc briefings. **Delegations are responsible for arranging press coverage for briefings they schedule.**

Media representatives will be allowed unescorted access to the Loy Henderson Auditorium press area, the Delegates' Lounge, and the corridors surrounding these areas. While in the Loy Henderson Auditorium, press must remain within the press area at all times. Security guards, notices, and the annotated floor plan included in the press kit will help journalists orient themselves to the conference facility. Cameras (still and video) will only be permitted to film in the Loy Henderson and Dean Acheson Auditoriums, and in the small interview rooms. Access to areas designated "no press beyond this point" will require a cleared State Department escort.

The working language at the conference for the media will be English. Delegations briefing their national journalists may, of course, choose to use their native language. In this case, the use of a language other than English will be noted in the posted information announcing the briefing.

We have advised delegations that, in their contacts with the press, **Chatham House Rules** apply: Conference participants are free to cite or characterize their own delegation's statements but may cite or characterize those of other delegations only with their expressed permission.

Coffee and Tea for visiting journalists will be available just outside the **Acheson** press center.. Please refrain from consuming refreshments for Forum participants while in the Delegates' Lounge.

OFF-SITE SPECIALTY SESSIONS:

Specialty sessions have been scheduled **offsite** at various United States Government agencies on Thursday afternoon. Please consult the "Session Topics and Participants" enclosed in the press kit for more detailed information.

Integrity and Corruption Issues Specific to National Security Forces:
Deputy Secretary of Defense Dr. John Hamre will address the National Security Forces panel concerning corruption issues specific to national security forces on Thursday February 25th, at the George C. Marshall Hall at the National Defense University, Fort McNair. Following Secretary Hamre's address, Secretary of the Army Louis Caldera will co-chair the panel. Dr. Hamre's address is open to the media. Biographic material for both participants will be available at the press information desk.

Attendance by the press is limited to 20 individuals. A sign-up sheet will be maintained at the press information desk in the Dean **Acheson** Auditorium. Any press wishing to attend this event should sign-up early as space will be allocated on a first-come, first-served basis.

Transportation to and from Fort McNair will be provided by the Department of Defense. The bus will depart from the C Street entrance of the State Department **promptly** at 3:00 p.m. Journalists must display a valid conference credential to board the bus to Fort McNair.

Additional questions may be directed to Mr. Paul Philips at the following telephone number: 1-703-693-1 074.

Panel on procurement Officials and Panel on Financial Regulators: The Treasury Department will convene two simultaneous panel sessions on Thursday, February 25th at the Treasury Department, located at 1500 Pennsylvania Avenue, Northwest, Washington (approximately 10 blocks from the State Department). The Panel on Procurement **Officials** will take place in the Cash Room and the Panel on Financial Regulators will be held in the Diplomatic Reception Room.

Media without Treasury, White House, Defense, State or Congressional press credentials who are planning to attend should contact Treasury's Office of Public Affairs at (202) 622-2960 with the following information: Name, Social Security Number, and date of birth. This information may be faxed to (202) 622-1999. Each room will be open for pre-set at 2:30 p.m.

Press information officers will be available throughout the Forum in the Dean **Acheson** Auditorium to answer questions and assist with any other matters.

USIA'S INFORMATION BUREAU
PRESENTS
AN ONLINE SERVICE FOR
VICE PRESIDENT AL GORE'S
"GLOBAL FORUM ON FIGHTING CORRUPTION"

<http://www.usia.gov/integrity>

What you get:

- A list of key contacts and internet sites within the U.S. government, in multilateral organizations and in non-governmental organizations that deal specifically with corruption issues
- A live **webcast** of key proceedings from the conference
- An online discussion forum for conference participants both prior to and following the meeting
- The conference agenda, a list of participants and detailed descriptions of session topics
- Guiding principles for an anti-corruption strategy, as well as official international anti-corruption documents
- The latest texts and transcripts of official U.S. government statements related to corruption

A Global Forum on Fighting Corruption: Safeguarding Integrity Among Justice and Security Officials



ANTHONY A. WILLIAMS
MAYOR

WELCOME

VICE PRESIDENT'S CONFERENCE ON FIGHTING CORRUPTION AND
SAFEGUARDING INTEGRITY AMONG JUSTICE AND SECURITY OFFICIALS

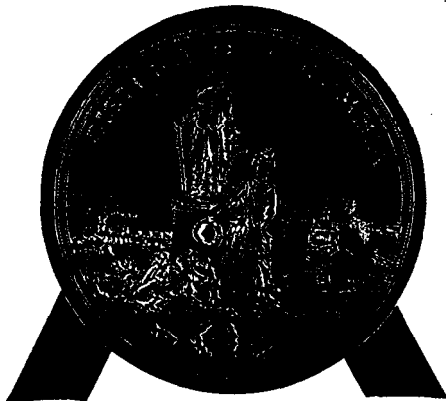
FEBRUARY 24 – 26, 1999

As Mayor of the District of Columbia, it is my distinct pleasure to extend greetings and a warm welcome to the "Vice President's Conference on Fighting Corruption and Safeguarding Integrity Among Justice and Security Officials.,,

Your organization is to be commended for sponsoring this event for representatives of more than 60 countries and 20 multilateral and non-governmental organizations. "This conference will bring together many of the world's top anti-corruption experts with leaders from all around the world to organize a new global effort to fight corruption where it does the most damage -- among key justice, security, and budget officials." This gathering, the world's first of this nature, is designed to provide a forum for discussing common interests and for working cooperatively on matters that transcend the boundaries of their own jurisdictions.

Thank you for choosing our beautiful city, Washington, D.C., as your host site. The District of Columbia is a diverse, multi-cultural, multiethnic city with a long history of hospitality. Our city, rich in heritage, serves as the Nation's Capital, the home of more than 500,000 residents and a window to America. In addition, Washington, D.C. is an international gateway to trade, finance, communications and information. I hope that during this event you will take the opportunity to visit our famous historical monuments, museums, theaters, educational institutions and many diverse and thriving residential neighborhoods -- all of which make this city unique.

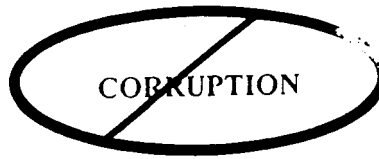
On behalf of all Washingtonians, best wishes for a successful conference and again,
WELCOME TO WASHINGTON, D.C.



A handwritten signature in black ink, reading "Anthony A. Williams".

Anthony A. Williams
Mayor
District of Columbia

A GLOBAL FORUM ON FIGHTING



SAFEGUARDING INTEGRITY AMONG JUSTICE AND SECURITY OFFICIALS

VISITOR INFORMATION

Welcome to the Department of State. In order to familiarize you with the surrounding area, we have prepared this information sheet. For your information, there is no smoking allowed anywhere in the State Department building. Please feel free to ask any press officer for more information or assistance. Enjoy your stay in Washington.

Restaurants:

(One to four blocks walking distance)

National Academy of Sciences

Description: Small cafeteria serving hot lunch, sandwiches and salad bar. Low priced. Eat-in or take-away available.

Hours: Breakfast: 7:30 – 9:30 a.m.
Lunch: 12:45 p.m. – 2:00 p.m.

Directions: Exit Dean Acheson Auditorium and turn left. Walk half a block south and turn left on C street. Once you have passed the main entrance to the State Department, The National Academy of Sciences will be directly across the street (look for a green awning with the number 2 100). Enter the building, pass through the double glass doors directly in front of you. Proceed down the corridor until you reach a staircase on your right. Go down the stairs and follow the corridor (past the restrooms) to the end. Turn right and the entrance to the cafeteria is in **front** of you.

Magic Gourd Restaurant

Description: Chinese buffet take-away or table service. Low to moderately priced.

Hours: Continuous service between 11:00 a.m. – 10:00 p.m.

Directions: After exiting Dean Acheson Auditorium, turn right and walk north on 23rd street for two blocks. Directly across 23rd street is Columbia Plaza (look for a green awning). Immediately inside the Plaza on the right you will **find** the Magic Gourd.

The Garden Café, State Plaza Hotel

Description: Table service with **standard hotel** menu. Moderately priced.

Hours: Breakfast: 7:00 a.m.- 11:00 a.m.
Lunch: 11:30 a.m. – 3:00 p.m.
Light Fare: 3:00 p.m. – 5:00 p.m.
Dinner: 5:00 p.m. – 10:00 p.m.

Directions: Exit Dean Acheson Auditorium, turn right and walk two blocks north on 23rd street to F street. Turn right on F street and walk two blocks east to the restaurant.

D.J.'s Fast Break

Description: Fast-food, including sandwiches, Asian noodles, hamburgers, etc. Low priced.,
Hours: Continuous service between 7: 15 – 7:00 p.m.
Directions: Exit Dean Acheson Auditorium, turn right and proceed north to F street. Turn right on F street, walk one block to 22nd street. Turn left on 22nd street and proceed north one block to G street. The shop is on the corner of G & 22nd street and has a blue and white striped awning.

(Five to six blocks walking distance)

TGI Friday's

Description: American cuisine, including sandwiches, salads, and entrees. Moderately priced.
Hours: Continuous service from 11:00 a.m. – 12:00 p.m.
Directions: Exit Dean Acheson Auditorium and turn left onto 23rd street. Walk six blocks north on 23rd street to I street. Turn right on I street and proceed east to 21st street. The restaurant is on the corner of 21st and I streets.

Lindy's Bon Appetit

Description: Fast-food including, breakfast, hamburgers, sandwiches and specials.
.. Take-away or limited seating available outside only. Low priced
Hours: Continuous service between 8:00 a.m. – 8:00 p.m.
Directions: Follow directions for TGI Friday's. Lindy's is diagonally across the street.

Kinhead's Brasserie

Description: Seafood restaurant with limited sandwiches and salad selection. Table service in restaurant and bar area. Moderate to expensively priced.
Hours: Lunch: 11:30 a.m. – 2:30 p.m.
Light fare: 2:30 p.m. – 5:30 p.m.
Dinner: 5:30 p.m. – 10:00 p.m.
Directions: Follow directions for TGI Friday's. Continue east on I street one half block. The restaurant is on your right.

Bertucci's:

Description: Table service and take-away pasta, pizza, sandwiches and soups. Moderately priced.
Hours: Continuous service between 11:00 am – 11:00 p.m.
Directions: Follow directions for TGI Friday's. Continue east on I street and enter the "2000 Pennsylvania Avenue" shopping mall on your right (entrance is next to Kinhead's).

Au Bon Pain

Description: Fast-food sandwiches and salads. Limited indoor seating. Low priced.
Hours:- Continuous service from 6:00 a.m. – 3 :00 a.m.
Directions: Follow directions for TGI Friday's. Continue east on I street one half block to "2000 Pennsylvania Avenue" shopping mall on your right. The shop is inside the mall.

Transportation:

Taxis: The best place to catch a taxicab is in front of the main entrance to the State Department. Exit the Dean Acheson Auditorium and turn left. Walk south one half block to C street. Turn left *on C street* and look for taxicabs *near* the entrance to the building. DC taxicabs do not have meters. Fares are calculated based on a zone system. Charges are based on the number of zones you enter or cross. Each taxicab is required to display a map of the various zones. In addition drivers are required to display a list of zone fares including any additional charges for baggage, rush-hour, etc. Passengers are entitled to receive a receipt upon request.

Metro: The closest metro station (public transportation) is called Foggy Bottom and is approximately six blocks **from** the State Department. To reach the metro stop, exit Dean Acheson Auditorium, **turn** right and walk six blocks north to I street. Cross 23rd street at the **I-street** intersection and the Foggy Bottom station will be directly in **front** of you. Fares within the city are **\$1.10**, although that price will vary with distance and the hour of travel.

Area Shops:

Columbia Plaza is two blocks **from** the State Department and can be reached by **turning** right when you exit Dean **Acheson** Auditorium, walking two blocks north, and crossing 23rd street to the entrance of the plaza. The following shops are open throughout the working day:

Pharmacy -Drugstore/chemist, snacks, cold drinks, small post office facility

Elenco Hair Salon – Full service hair salon for men and women

First Union Bank – **ATM** machine accepts Visa, Mastercard, and American Express

Flowers by Sara – **Full** service flower shop

2000 Pennsylvania Avenue is eight blocks from the State Department and can be reached by turning right when you exit Dean **Acheson** Auditorium, walking six blocks to I street, turning right on I street and walking two blocks to 21st and I street. The entrance to the mall is on I street between 21st and 19th streets. Inside the mall you will **find** a variety of shops including **Metro Optical** and **Kinko's Copies**. There is a **full service** post office available across the street next door to TGI Friday's.

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 Presenters:
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 Dr. Juan Rial, PEITHO, Uruguay
 Dean Walter Kamba, University of Namibia
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Presiding: Vice President Al Gore, Forum Chairman

Moderator: Judge John Noonan

Presenters: Alan Geyer, Washington National Cathedral

Rabbi Dr. Burton J. Visotzky, Jewish Theological Seminary, New York

Archbishop Oscar Andres Rodriguez (Honduras), President, Council of Latin American Roman Catholic Bishops

Dr. Nurcholish Madjid, Rector, University of ParamadinaMulya, Jakarta, Indonesia

Dr. Yasuo Sakakibara, Daioji Temple, Kyoto, Japan

Dr. Veena Das, University of Delhi, India

PRESS: OPEN

1:30 pm Luncheon (By invitation/Benjamin Franklin Room, 8th Floor)

Speakers : Justice Stephen Breyer, United States Supreme Court

Under Secretary of State for Global Affairs Frank Loy

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National Security Forces (National Defense University)

Other Security Forces (FBI Headquarters)

Customs Services (Customs Service Headquarters)

Financial Regulatory Officials (Treasury Department)

Procurement Officials (Treasury Department)

Judiciary (Room 1105, Department of State)

Global and Regional Anticorruption Frameworks (Loy Henderson, State)

Internal Oversight (Room 1107, Department of State)

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Presentation of summaries of specialty session

Discussions by session spokespersons

Round table **summary** discussion

PRESS: POOL

12:30 pm Closing Session

Address and Declaration: Vice President Al Gore, Forum Chairman

PRESS: OPEN

1:30 pm Global Forum Concludes

ENGLISH

AMERICAS' ACCOUNTABILITY / ANTICORRUPTION PROJECT

[HTTP://WWW.RESPONDANET.COM](http://www.respondanet.com)

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12:49 PM

VICE PRESIDENT GORE ANNOUNCES FIRST-OF-ITS-KIND INTERNATIONAL CONFERENCE TO FIGHT CORRUPTION AMONG JUSTICE AND SECURITY OFFICIALS
Details and Proatam

JOB VACANCIES at USAID
Details? Click here

13th INTERNATIONAL CONFERENCE on New Developments in Government Financial Management for Government Financial Managers

Electronic Newsletter

AM-Flash Headlines

USA: v

Report fraudulent or corrupt practices within the World Bank Group or in connection with Bank Group-financed contracts.
1-800-831-0463
More information clicking here
Reporting Fraud, Waste & Abuse OIG Hotline.
USAID Office of the Inspector General
1- 800-230-6639
More information clicking here

AN ANTI-CORRUPTION & GOOD GOVERNANCE STRATEGY FOR THE 21ST CENTURY

COMMERCE SECRETARY DALEY REMARKS TO OECD ANTI-CORRUPTION CONFERENCE

National Pledge of Integrity for the sustainable development of a new Honduras

A Practical Guide to Successful Corruption
by
Waiter E. Hekaia

RespondaNet
Americas' Accountability / Anti-Corruption Project
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Example of publications available at the website



Publications

This page was last updated on Monday, February 08, 1999 11:46

Some of the publications are available in PDF format. If you would like to view this file type, you will need Adobe's Acrobat Reader, which can be [downloaded](#) free of charge from Adobe.



Public Accountability for Stewardship, Performance and Security by David C. Jones
Document in [Microsoft Word](#) format  (121 pages) or in [PDF](#) Format .



A Practical Guide to Successful Corruption by Walter E. Hekala



Statement by the President of the United States on International Bribery



Latin America Municipal Initiative.
Anti-Corruption Programs. Economic Development Institute. The World Bank.
This document is in English and Spanish.

Click [here](#) to get the whole article in PDF format (24 kb).



Motive Opportunity and Means
by Robert Lindquist, Frank Piantidosi, and Larry Ponemon, partners, **PwC** Forensic Accounting and Integrity Practices.
This article provides an experience-based account of the internal conditions that tend to promote fraud, preventive measures that make sense, and proper means of responding when fraud actually occurs. It emphasizes the view that day-to-day corporate culture creates a climate where fraud is either more possible or simply unthinkable. A culture of imperious commands rather than shared tasks is more vulnerable; a culture where senior managers play by different rules than rank and file is more vulnerable. On the other hand, most vulnerable of all is a culture that lacks a **well-**communicated, comprehensive code of ethics and an internal audit group that knows its trade. Click [here](#) to get the whole article in PDF format (31 kb).



Anti-Corruption Efforts in Africa. Remarks of J. Brian Atwood at the Global Coalition for Africa Meeting. Washington, D.C. October 8, 1998



**National integrity System Country Studies**

By P. Langseth and R. Staphenurst (50 pages, 1997). The economic consequences of pervasive corruption, and recent trends toward democratization, have increased the pressure for accountability and transparency from those in public office. This paper builds on an earlier Working Paper ("The Role of a National Integrity System in Fighting Corruption"-available above), which argues that while each country or region is unique in its own history and culture, its political systems, and its stage of economic and social development, similarities with regard to the extent and costs of corruption do exist and that experience and lessons are often transferable. The paper presents two country studies, those of Uganda and Tanzania, highlighting the problem of corruption in those countries, the strategies adopted to fight corruption, and the role that EDI has played in assisting with the implementation of those strategies. [Click here to get the whole article in PDF format \(218kb\)](#)

**New Frontiers in Diagnosing and Combating Corruption (PREM Note Number 7)**

By O. Kaufmann, S. Pradhan, and R. Ryterman (8 pages, 1998). Corruption flourishes where policies provide incentives for it and restraining institutions are weak. Diagnosing corruption helps a country understand the shortcomings in its policies and institutions and design a strategy to strengthen the state's performance. New diagnostic survey tools are described in brief, as well as the approach to analyze the data and policy formulation. [Click here to get the whole article in PDF format \(200kb\)](#)

**Challenges in the Next Stage of Anti-Corruption**

By O. Kaufmann (26 pages, 1998). Corruption flourishes where policies provide incentives for it and restraining institutions are weak. Diagnosing corruption helps a country understand the shortcomings in its policies and institutions and design a strategy to strengthen the state's performance. [Click here to get the whole article in PDF format \(382kb\)](#)

**Corruption and Development (published in Finance & Development, March 1998)**

By C. Gray and O. Kaufmann. What are the principal causes and costs of corruption? This article examines these questions and suggests specific ways to enhance anti-corruption efforts in developing and transition economies. [Click here to get the whole article in PDF format \(206kb\)](#)

**The Role of a National Integrity System in Fighting Corruption**

By P. Langseth, R. Staphenurst, and J. Pope (35 pages, 1997). The issue of corruption has come to center stage. The economic consequences of pervasive corruption, and recent trends toward democratization, have increased the pressure for accountability and transparency from those in public office. This paper does not suggest that there are any easy solutions or models that can be applied in the fight against corruption; nor does it suggest that any country has yet designed an ideal model, or indeed, that such an ideal model exists. What this paper does argue is that while each country or region is unique in its own history and culture, its political systems, and its stage of economic and social development, similarities do exist and that experience and lessons are often transferable. A "national integrity system" is proposed as a comprehensive method of fighting corruption. It comprises eight pillars (public awareness, public anti-corruption strategies, public participation, "watchdog" agencies, the judiciary, the media, the private sector, and international cooperation) which are interdependent. Establishing and strengthening such an integrity system requires

identifying opportunities for reinforcing and utilizing each of these pillars in the fight against corruption. **Click [here](#) to get the whole article in PDF format (151 kb)**



Combating Corruption in Indonesia: Aide Memoire of the World Bank Team

by Katherine Marshall, Director, East Asia and Pacific Region, The World Bank, Jakarta, September 20, 1998



Pillars of Integrity: The Importance of Supreme Audit Institutions, in Curbing Corruption

by K. Dye and R. Stapenhurst (34 pages, 1998) Building strong institutions is a central challenge of development and is key to controlling corruption. Among public institutions, the Supreme Audit Institutions (**SAIs**) play a critical role, as they help promote sound financial management and thus accountable and transparent government. However, the full potential of the SAI to address corruption has not been exploited, in part because of the lack of understanding of the overall capacity of the SAI. This paper discusses the role of **SAIs** in promoting accountability and transparency within government, considers some of the factors making for effective **SAIs** and highlights the linkages between the audit institutions and other "pillars of integrity," notably the media and Parliament. **Click [here](#) to get the whole article in PDF format.**



Corruption and Development, Remarks at the International Symposium on the Prevention and Control of Financial Fraud by Pieter Bottelier, Senior Advisor, East Asia and Pacific Region, The World Bank, Beijing, October 19, 1998



Corruption Index done by Transparency International



THE FUTURE OF ANTI-CORRUPTION: REFORM IN MEXICO AFTER THE 1997 ELECTIONS by Robert S. Leiken



Mexico: The Crisis Next Door (Corruption in Mexico) by Robert S. Leiken





"Helping Countries Combat Corruption: The Role of the World Bank". Report of the World Bank's Corruption Action Plan Working Group.



We have set up a new section for publications related to the Year 2000 problem. Please click **[here](#)** to access it.



Peruvian Internal Control Standards.

Document in Microsoft Word format  (121 pages) or in PDF Format . **In Spanish.**



Proceedings of the Inter-American Accountability Regional Seminar. Guatemala 1998. III National Convention of Public Accountancy. **In Spanish.**



"Combating Corruption and Promoting Ethics In the Public Service"

Robert Klitgaard





"Council of Europe's Fight against Corruption and Organised Crime"




"Controlling the Global Corruption Epidemic"



Robert S. Leiken

- 



"THE PREVENTION OF CORRUPTION". United Kingdom Consolidation and Amendment of the Prevention of Corruption Acts 1889-1916: A Government Statement, June 1997
- 

"Government Auditing Standards".
Contraloría General de la República del Perú.
- 



"New Tools to Fight Corruption"
Nancy Zucker Boswell, Managing Director of the US chapter of Transparency International

 - Also available in PDF format clicking on the icon 
- 



"Will the OECD Anti-Bribery Convention be Effective?"
Interview with Eleanor Roberts Lewis, Chief Counsel for International Commerce, US Department of Commerce

 - Also available in PDF format clicking on the icon 
- 



"How Bad is Corruption?"
A 1997 survey by the World Bank

 - Also available in PDF format clicking on the icon 
- 



"Brazil: Targeting Corruption in Public Bidding"
Arthur Maranhao, Luiz Pedone and David Fleischer

 - Also available in PDF format clicking on the icon 
- 



"Corruption in Bulgaria Threatens Social Stability"
CIPE

 - Also available in PDF format clicking on the icon 
- 



"Combating Corruption in Oil-Rich Azerbaijan"
CIPE

 - Also available in PDF format clicking on the icon 
- 

"Corruption Versus Clean Business in Ukraine"
Inna Pidluska, Ukrainian Center for Independent Political Research's project director for the Ukrainian edition of Economic Reform Today

 - Also available in PDF format clicking on the icon 
- 

"Bribe Customs"

 - Also available in PDF format clicking on the icon 
- 

"How to Fight Corruption on the Ground"

Petter Langseth, senior public sector management specialist in the World Bank's Economic Development Institute

- Also available in PDF format clicking on the icon 



Democratic Viability and Control of Corruption (Viabilidad Democrática y Control de la Corrupción).

Speech from por D. Antonio Sanchez de Lozada at the "First International Conference about Fighting Corruption" (La Primera Conferencia Internacional de Lucha Contra la Corrupción) held in Quito and Guayaquil, Ecuador. July 27-29, 1998.

In Spanish.



Integrated Financial Mananement Systems: A Guide To Implementation Based On The Experience In Latin America

Margaret Bartel, CPA



Integrated Financial Management in Latin America, as of 1995

Lynette Asselin



Latin American Handbook of Professional Auditing in Public Sector (Manual Latinoamericano de Auditoria Profesional en el Sector Público).

In Spanish.



The Donor Consultative Group

Concept Paper



Papers from the OECD-OSCE CONFERENCE

Paris, 15/16 July 1998. "National and International Approaches to Improve Integrity and Transparency in Government"



SIMAFAL (Sistema Integrado Modelo de Administracdn Financiera y Control para América Latina). Integrated Model for Financial Management and Control System in Latin America. **Executive Summary. In Spanish.**



ESTRATAC (Estrategia de Acción para lograr la ResponDadibilidad). Strategy to improve accountability, financial management and audit in Latin America and the Caribbean. **Executive Summary. In Spanish.**



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Example of links available at the website

Corrupción / Corruption General

Anti-Corruption Review

Languages: English

#59 Website Address: <http://www.ita.doc.gov/legal/corr-rev.html>

Description:

International Center for Not-for-Profit Law

Languages: English

#60 Website Address: <http://www.icnl.org>

Description:

Internet Corruption Perception Index

Languages: English

#61 Website Address: http://www.gwdg.de/~uwww/icr_head.htm

Description:

The Fraud Information Center (TFIC)

Languages: English

#62 Website Address: <http://www.echotech.com/>

Description:

FraudNet

Languages: English

#63 Website Address: <http://users.aol.com/auditnet/fraudnet.htm>

Description:

Money Laundering Alert

Languages: English

#64 Website Address: <http://www.moneylaundering.com>

Description:

OECD initiatives to fight corruption

Languages: English

#125 Website Address: <http://www.oecd.org/daf/cmris/bribery/brindex.htm>

Description:

FedWorld U.S. Government Information Network, Reports, Websites (search)

Languages: English

#171 Website Address: <http://www.fedworld.gov/>

Description:

“Anti-Corruption Efforts in Africa,”

Languages: English

#181 Website Address: http://www.info.usaid.gov/press/spe_test/speeches/speech702.html

Description: Remarks of **USAID** Administrator J. Brian Atwood at the Global Coalition for Africa Meeting, Washington, D.C., October 8, 1998

Homepage of The Anti-Corruption Knowledge Center of The World Bank

Languages: English

Website Address:

#200 <http://wbln0018.worldbank.org/prm/premhome.nsf/AllDocuments/Anti-Corruption+Knowledge+center?OpenDocument>

Description:

Financial Scandals

Languages: English

Website Address: <http://www.ex.ac.uk/~RDavies/arian/scandals/>

#146 Description: Derivatives, non-existent gold reserves and copper futures have been the stuff of frauds on an almost incomprehensible scale. The **activities** of Nick Leeson, Toshihide Iguchi, Yasuo Hamanaka and other super star traders have made the bank robbing activities of Jesse James and the outlaws of the old Wild West seem like pathetic, kindergarten stuff in comparison. This is a guide **with** lots of links to information on these and other lesser-known financial scandals. The largest section, Classic Financial Scandals, includes the best known ones of recent years, e.g. Barings Bank, BCCI, BRE-X, etc. and some other very large ones that have received less **publicity**. In addition there are sections on related topics such as political corruption, money laundering, organised crime, **official** regulatory and anti-fraud organisations, other bodies fighting fraud, and finally, financial scandals in fiction. The last section is about the work of my sister, the novelist and former banker Linda Davies. I hope to add some information to that section about the financial crime genre in general.

The World Bank Anti-Corruption Knowledge Resource Center

Languages: English

Website Address:

#161 <http://wbln0018.worldbank.org/prm/premhome.nsf/AllDocuments/Anti-Corruption+Knowledge+center?OpenDocument>

Description: The Anti-Corruption Knowledge Center has two goals: i) To provide task managers and interested Bank staff with an understanding of corruption. ii) To devise strategies that help client governments reduce corruption.

Network of Institutions that fight against corruption and in favour of public ethic

Languages: Español

#204 Website Address: <http://www.clad.org.ve/ricor.html>

Description:



Corrupción / Corruption

Organismos Profesionales / Professional Organizations

Association of Certified Fraud Examiners

Languages: English

#74 Website Address: <http://www.cfenet.com/>

Description:

international Anticounterfeiting Coalition

Languages: English

#85 Website Address: <http://www.ari.net.iacc>

Description:

The Standing Committee on Extortion and Bribery

Languages: English

#107 Website Address: <http://www.iccwbo.org/Comm/html/briberycom.html>

Description: International Chamber of Commerce, The World Business Organization

Council of Europe's Fight against Corruption and Organised Crime

Languages: English/Français

#117 Website Address: <http://www.coe.fr/corrupt/index.htm>

Description:

**Corrupción / Corruption****Entidades Gubernamentales Anti-Corrupción / Government Anti-Corruption Agencies****Financial Crimes Enforcement Network**

Languages: English

#57 Website Address: <http://www.treas.gov/fincen/>

Description:

Independent Commission Against Corruption

Languages: English/Chinese

#58 Website Address: <http://www.icac.org.hk/>

Description: Hong Kong

Comisión Anticorrupción del Ecuador

Languages: Español

#101 Website Address: <http://www.ecuanex.apc.org/anticorrupcion/index.html>

Description:

Anti-Corruption Commission: Republic of Zambia

Languages: English

#104 **Website Address:** <http://gopher.zamnet.zm/zamnet/acc/>

Description:

Malaysian Anti-Corruption Agency

Languages: English

#109 **Website Address:** <http://www.iaring.mv/bpr/inglish.htm>

Description:

Independent Commission Against Corruption (ICAC), New South Wales, Australia

Languages: English

#111 **Website Address:** <http://www.icac.nsw.gov.au/>

Description:

Administrative Reform Program, Taiwan

Languages: English

#113 **Website Address:** http://expo96.org.tw/Government/Theme/Administrative_Reform/arp2x.htm

Description: Includes Taiwanese Anti-Corruption Program

Criminal Division - Fraud Section. US Department of Justice.

Languages: English

#218 **Website Address:** <http://www.usdoj.gov/criminal/fraud>

Description:

**Corrupción / Corruption****Organismos Cívicos / Civic Organizations****Acción Ciudadana**Languages: **Español/English**#1 **Website Address:** <http://www.quik.guate.com/acciongtr>

Description: Guatemala

Transparency International

Languages: English

#65 **Website Address:** <http://www.transparency.de/>

Description: The coalition against corruption in international business transactions

Alianza CívicaLanguages: **Español**#66 **Website Address:** <http://www.alianza.com>

Description: Mexico

Civitas

Languages: English

#67 **Website Address:** <http://www.civnet.org>

Description:

Esquel Group Foundation

Languages: English

#68 **Website Address:** <http://www.esquel.org>

Description:

Foundation for Institutionality and Justice, Inc. (FINJUS)Languages: **Español/English**#69 **Website Address:** <http://www.finjus.org.do>

Description: Dominican Republic

ISPLanguages: **Español/English**#70 **Website Address:** <http://www.ispnet.org>

Description: Inter-American Strategy for Public Participation in Sustainable Development

PACT

Languages: English

#71 **Website Address:** <http://www.pactworld.org>

Description: contributing to the growth of civil societies

Poder Ciudadano

Languages: Español

#72 **Website Address:** <http://chorlo.cpel.uba.ar/~podciud/>

Description: Argentina

grupo FUNDEMOSLanguages: **Español**#86 **Website Address:** <http://nicanet.com/ni/fundemos/>

Description: Nicaragua

Un Mundo, Un PuebloLanguages: **Español/English**#124 **Website Address:** <http://www.rosemart.com/a/red1x1/>

Description: Argentina

Transparency International's National Chapters in the Americas

Languages: English

#176 **Website Address:** <http://www.transparency.de/organisation/chapters/americas.html>

Description:



Corrupción / Corruption Documentos / Documents

Inter-American Convention Against Corruption

Languages: English

#76 **Website Address:** <http://www.oas.org/EN/PINFO/CONVEN/corrupt.htm>

Description:

Declaración de Santiago, Segundo Cumbre de las Americas

Languages: **Español**

#77 **Website Address:** <http://www.cumbre.cl/summit/pz 2.htm>

Description:

Declaration of Santiago, Second Summit of the Americas

Languages: English

#78 **Website Address:** <http://www.cumbre.cl/summit/pz 2i.htm>

Description:

OECD Convention on Combating Bribery of Foreign Public Officials

Languages: **English/Français**

#79 **Website Address:** <http://www.oecd.org/daf/cm/bribery/20novle.htm>

Description:

Reforms of the Fiscal Fraud Crime Law

Languages: **Español**

#80 **Website Address:** <http://www.asamblea.gob.ni/justri15.html>

Description: Nicaragua

Corruption: Causes, Consequences, and Agenda for Further Research

Languages: English

#87 **Website Address:** <http://www.worldbank.org/fandd/english/0398/articles/010398.htm>

Description: World Bank Publication by Paulo Mauro

Corruption, Public Investment, and Growth

Languages: English

#88 **Website Address:**
<http://www.imf.org/external/pubs/CAT/doctext.cfm?docno=WP/97/139-EA>

Description: IMF Working Paper by Vito Tanzi and Hamid Davoodi

Corruption and the Rate of Temptation - Do Low Wages in the Civil Service Cause Corruption?

Languages: English

#89 **Website Address:**

<http://www.imf.org/external/pubs/CAT/doctext.cfm?docno=WP/97/73-EA>

Description: **IMF** Working Paper by Caroline Van Rijckeghem and Beatrice Weder

Money Laundering and International Efforts to Fight It

Languages: English

#90 **Website Address:** **<http://www.worldbank.org/html/fpd/notes/48/48summary.html>**

Description: World Bank Report, by David Scott

High-Level Rent-Seeking and Corruption in African Regimes: Theory and Cases

Languages: English

#91 **Website Address:**

<http://www.worldbank.org/html/dec/Publications/Workpapers/wps1780-abstract.html>

Description: World Bank Publication by Jacqueline Coolidge & Susan Rose-Ackerman

World Bank News: Bank Takes Anti-Corruption Stance

Languages: English

#92 **Website Address:** **<http://www.worldbank.org/html/extdr/extcs/1010.htm#corruption>**

Description: World Bank News October 1998

World Bank President Urges Business, Government to Take Bolder Steps Against Corruption

Languages: English

#93 **Website Address:** **<http://www.worldbank.org/html/extdr/extme/1515.htm>**

Description: World Bank Press Release: October 1997

World Bank President Addresses Anti-Corruption Conference in Lima, Peru

Languages: English

#94 **Website Address:** **http://www.worldbank.org/html/extdr/extme/pr_cor.htm**

Description: World Bank Press Release: September 1997

Why Worry About Corruption?

Languages: English

#95 **Website Address:** **<http://www.imf.org/external/pubs/ft/issues6/index.htm>**

Description: **IMF** Publication by Paulo Mauro

Controlling Fiscal Corruption

Languages: English

#96 **Website Address:**

<http://www.imf.org/EXTERNAL/PUBS/CAT/doctext.cfm?docno=WP/97/100-EA>

Description: IMF Publication by Sheetal K. Chand and Karl O. Moene

Corruption Around The World - Causes, Consequences, Scope and Cures

Languages: English

#97 **Website Address:** <http://www.imf.org/EXTERNAL/PUBS/CAT/doctext.cfm?docno=WP/98/63-EA>

Description: **IMF** Publication by Vito **Tanzi**

Corruption, Public Investment and Growth

Languages: English

#98 **Website Address:** <http://www.imf.org/EXTERNAL/PUBS/CAT/doctext.cfm?docno=WP/97/139-EA>

Description: **IMF** Publication by Viio Tanti & **Hamid Davoodi**

Accountants and Society: Serving the Public Interest

Languages: English

#99 **Website Address:** <http://www.worldbank.org/html/extdr/extme/jdwsp102697.htm>

Description: Remarks to the World Congress of Accountants by James D. Wolfensohn
President of The World Bank Paris, October **26, 1997**

The Perception of Corruption: A Market Discipline Approach

Languages: English

#103 **Website Address:** <http://userwww.service.emory.edu/~tyavero/ip/project2.html>

Description: Publication of **Goizueta** Business School Emory University, Spring 1996
Atlanta, Georgia, USA Research by: Laurence **Busse**, Noboru ishikawa, Morgan **Mitra**,
David Primmer, Kenneth Doe and Toiga Yaverogiu

The Costs of Grand Corruption

Languages: English

#105 **Website Address:** <http://www.cipe.org:80/e22/mooE22.html>

Description: Center for International Private Enterprise (CIPE) Publication by George
Moody-Stuart

Corruption and Governance in the South Pacific

Languages: English

#108 **Website Address:** <http://sunsite.anu.edu.au/spin/SPINDOC/larmour971.html>

Description: National Centre for Development Studies Publication by Peter Larmour

Corruption in the Dominican Republic

Languages: English

#110 **Website Address:** <http://www.oursquare.com/members/miguelito/Index.html>

Description: Corruption related articles

Corruption : A Product of Poverty

Languages: English

#114 **Website Address:** <http://web.kanazawa-u.ac.jp/~med2/28/corruption.html>

Description: Editorial columns of Bangladesh Newspapers

Corruption and the Global Economy

Languages: English

#118 **Website Address:** <http://www.iie.com/corrupt.htm>

Description: Institute for International Economics Publication Kimberly Ann Elliott, editor

The Prevention of Corruption

Languages: English

#119 **Website Address:** <http://www.homeoffice.gov.uk/corrupt.htm>

Description: United Kingdom Home Office Consolidation and Amendment of the Prevention of Corruption Acts 1889-1918: A Government Statement -June 1997

El Nuevo Herald - Serie sobre CorrupciónLanguages: **Español**#121 **Website Address:** <http://www.elherald.com/archive/corrupcion/index.htm>

Description: Series of articles regarding corruption from 19 - 22 June, 1998

Miami Herald English - Corruption Articles

Languages: English

#122 **Website Address:** <http://www.herald.com/extra/docs/065247.htm>

Description:

Periodico Hoy de Quito, Ecuador - Articulos sobre corrupciónLanguages: **Español**#123 **Website Address:** <http://www.hoy.net/ed-html/temas/corrupt/home.htm>

Description:

International Cooperation Against Corruption

Languages: English

#129 **Website Address:** <http://www.worldbank.org/fandd/english/0398/articles/080398.htm>

Description: World Bank Publication by Robert Klitgaard

Corruption and Development

Languages: English

#130 **Website Address:** <http://www.worldbank.org/fandd/english/0398/articles/020398.htm>

Description: World Bank Publication by Cheryl W. Gray & Daniel Kaufmann

Helping Countries Combat Corruption: The Role of the World Bank

Languages: English

#131 **Website Address:** <http://www.worldbank.org/html/extdr/corruptn/coridx.htm>Description: World **BankReport****World Bank Policy and Research Bulletin: Reducing Corruption**

Languages: English

#132 **Website Address:**
<http://www.worldbank.org/html/dec/Publications/Bulletins/prb8.3.html>Description: World **BankPolicy** & Research Bulletin

Corruption: A Major Barrier to Sound and Equitable Development

Languages: English

#133 **Website Address:** <http://www.worldbank.org/html/extdr/backgrd/ibrd/corrupt.htm>

Description: World Bank Publication

1997 Annual Meetings World Bank Group Issue Brief: Corruption and Good Governance

Languages: English

#134 **Website Address:** http://www.worldbank.org/html/extdr/am97/br_m

Description: World Bank Report

The Political Economy of Corruption---Causes and Consequences

Languages: English

#135 **Website Address:** <http://www.worldbank.org/html/fpd/notes/74/74summary.html>

Description: World Bank Report, by Susan Rose-Ackerman

Procurement Under IBRD Loans and IDA Credits

Languages: English

#136 **Website Address:** <http://www.worldbank.org/html/opr/procure/intro.html#p115>

Description: World Bank Procurement Guidelines

Money Laundering: Muddying and Macroeconomy

Languages: English

#137 **Website Address:** <http://www.worldbank.org/fandd/english/0397/articles/0110397.htm>

Description: World Bank Publication by Peter J. Quirk

Redesigning the State to Fight Corruption

Languages: English

#138 **Website Address:** <http://www.worldbank.org/html/fpd/notes/75/75summary.html>

Description: World Bank Report, by Susan Rose-Ackerman

Multinational Corporations, Governance Deficits, and Corruption: Discussing a Complex Issue from the Perspective of Business

Languages: English

#167 **Website Address:** <http://iagor.srce.hr/~mprofaca/mainmenu.html>

Description:

Transparency International's Corruption Perception IndexLanguages: English/**Español**#174 **Website Address:** <http://www.transparency.de/documents/cpi/index.html>

Description:

Transparency International's National Integrity Systems Sourcebook

Languages: English

#175 **Website Address:** <http://www.transparency.de/documents/source-book/a/index.html>

Description:

Ernst & Young Report on Fraud

Languages: English

#178 **Website Address:** <http://www.eyi.com/int.nsf/d5bc9dff278d8ec2802564f20054c840/7fab79f24bf3fed48025662f004cdb06>

Description:

KPMG PMM 1996 International Fraud Report

Languages: English

#179 **Website Address:** <http://www.kpmg.net/library/96/may/story2.html>

Description:

Preventing Corruption in Bank Projects: Procurement Guidelines

Languages: English

#162 **Website Address:** <http://wbln0018.worldbank.org/PRM/PREHome.nsf/e684af4a29ff9c5f852565e70066ba5d/bb0458b12>

Description:

Preventing Corruption in World Bank Projects: Loan Administration Change Initiati

Languages: English

#163 **Website Address:** <http://wbln0018.worldbank.org/PRM/PREHome.nsf/5c8746c146e3e813852565c50009d56b/e2decf8a>

Description:

Foreign Corrupt Practices Act - An Overview (Departments of Justice and Commerce)

Languages: English

#207 **Website Address:** <http://www.ita.doc.gov/legal/fcpa1.html>

Description:

Foreign Corrupt Practices Act Antibribery Provisions. United States Department of Justice (Fraud Section).

Languages: English

#208 **Website Address:** <http://www.ita.doc.gov/legal/fcparev.html>

Description:

Foreign Corrupt Practices Act Text including 1998 Amendments (unofficial version).

Languages: English

#209 **Website Address:** <http://www.ita.doc.gov/legal/fcpanew.html>

Description:

**1998 Amendments to the Foreign Corrupt Practices Act. US
Department of Justice and Commerce.**

Languages: English

#210 Website Address: <http://www.ita.doc.gov/legal/leg.html>

Description:

Summary of OECD Antibribery Convention

Languages: English

#211 Website Address: <http://www.ita.doc.gov/legal/oecdsum.html>

Description: Summary prepared by the U.S. Departments of Commerce, State and Justice.

**OECD Convention on Combating Bribery of Foreign Public Officials in
International Business Transactions (Full Text)**

Languages: English

#212 Website Address: <http://www.ita.doc.gov/legal/oecd-con.html>

Description:

**Commentaries on the OECD Convention on Combating Bribery of
Foreign Public Officials (Full Text)**

Languages: English

#213 Website Address: <http://www.ita.doc.gov/legal/oecdct.html>

Description:

**Recommendation of the OECD Council on Combatting Bribery in
International Business Transactions (1997)**

Languages: English

#214 Website Address: <http://www.ita.doc.gov/legal/bribery.html>

Description: Recomendaciones del Consejo de la OCDE en la **lucha** contra el soborno en **las** transacciones de negocios internacionales (1997).

INTER-AMERICAN CONVENTION AGAINST CORRUPTION

Languages: English

#215 Website Address: <http://www.ita.doc.gov/legal/corrupt.html>

Description:

Summary of the Inter-American Convention Against Corruption

Languages: English

#216 Website Address: <http://www.ita.doc.gov/legal/oas2.html>

Description:

The Anti-Corruption Review. Office of the Chief Counsel for International Commerce (U.S. Department of Commerce).

Languages: English

Website Address: <http://www.ita.doc.gov/legal/master.html>

- #217 Description: The "Anti-Corruption Review" is compiled and updated periodically by the Office of the Chief Counsel for International Commerce (**OCC-IC**) of the U.S. Department of Commerce. Its purpose is to track U.S. and international **anti**-corruption initiatives and help inform parties involved in anti-corruption activities of other initiatives. OCC-IC provides the Review to relevant USG agencies, **NGOs**, international organizations and other groups who request it.



Corrupción / Corruption

Historic Corruption Documents

1909 Report on the Causes of Municipal Corruption in San Francisco

Languages: English

- #166 Website Address: <http://www.sfmuseum.org/hist5/graft1.html>

Description:



Otras Páginas de Interés / Other Websites of Interest

General

AmericasNet

Languages: **Español/English/Português**

- #81 Website Address: <http://www.americasnet.net>

Description: Information on the Second Summit of the Americas Chile 1998

Constitutions of Latin America and the Caribbean

Languages: **Español/English/Français /Português**

- #a2 Website Address: <http://www.georgetown.edu/LatAmerPolitical/constitutions/constitutions.html>

Description:

AmericasNet

Languages: English

- #83 Website Address: <http://summit.fiu.edu>

Description: Summit of the Americas Center at Florida International **University**

Yupi Internet, Inc., International News

Languages: **Español**

- #84 Website Address: <http://www.yupi.com/canales/noticias>

Description:

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Los Tiempos, 23 de Febrero de 1999

COSTA RICA: PROCURADURÍA RECLAMA DAÑOS CONTRA EL ESTADO EN BASE DE INFORMES DE CONTRALORIA
La Nación, 22 de Febrero de 1999

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El Vicepresidente Gore anuncia la Primera Conferencia Internacional para Combatir la Corrupción entre Funcionarios de la Justicia y las Fuerzas de Seguridad.
Detalles y Programa

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-  **Manual de Auditoría Gubernamental de la República de Perú.** Contraloría General de la República de Perú.
 -  **La corrupción: Impedimento al desarrollo.** Perspectivas Económicas. Publicación Electrónica de USIS, Vol. 3, No. 6
 -  **Material** de la VIII ASAMBLEA GENERAL ORDINARIA DE LA ORGANIZACIÓN LATINOAMERICANA Y DEL CARIBE DE ENTIDADES FISCALIZADORAS SUPERIORES (OLACEFS) celebrada del 13 al 16 de Octubre de 1998 en Caracas, Venezuela.
 -  **Iniciativa Latinoamericana de Integridad Municipal.**
Programas Anti-Corrupción. Instituto de Desarrollo Económico del Banco Mundial.
Este documento se encuentra en inglés (3 primeras páginas) y Español (3 últimas páginas).
- Pulse aquí para obtener una copia completa en formato PDF (24 Kb).**
-  **"Compromiso Nacional de Integridad para el desarrollo sostenible de una nueva Honduras".**

"Convocados por el Consejo Nacional de Desarrollo Sostenible (CONADES) y el Capítulo Nacional de Transparencia Internacional (TI Honduras), nos hemos reunido en el Auditorio del Banco Centroamericano de Integración Económica el 19 de Noviembre de 1998, un grupo de personas y entidades representantes del Gobierno, la empresa privada y la sociedad civil, en el Primer Taller de Integridad Nacional para elaborar una estrategia integral para combatir la corrupción, con una moral y una ética distinta para Honduras en el contexto de los principios y objetivos específicos de la Alianza Centroamericana para el Desarrollo Sostenible, en especial, los objetivos de promover los derechos humanos, fortalecer las instituciones democráticas y combatir la corrupción y la impunidad. Con la participación, como principales expositores, del Arzobispo de Tegucigalpa, Monseñor Oscar Andrés Rodríguez, Presidente de Transparencia Honduras y del Dr. Michel Camdessus, Director Gerente del Fondo Monetario Internacional, hemos reflexionado sobre los elementos de un sistema nacional de integridad fundamentado en la ética, la moral y la honestidad para la reconstrucción y el desarrollo sostenible de Honduras." [...]

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-  **"Sistemas de Gestión, Administración Financiera y Control del Sector Público de la Ciudad". Ley 70 (texto definitivo). Ley de Administración Financiera de la Ciudad Autónoma de Buenos Aires.**
Pulse aquí para obtener una copia completa en formato PDF (90 Kb).
-  **Causas que originan la corrupción en el sector público y sus consecuencias sobre la política fiscal.**
Síntesis de la exposición de don Arturo Aylwin Azócar, Contralor General de la República de Chile en el XXV Seminario Internacional de Presupuesto Público.
-  **Ética, probidad y responsabilidad de los funcionarios públicos. Estudio comparativo de Centroamérica.**
por Conrado Adolfo Alarcón Marroquín y Mario Efraim López García.
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-  **La Función de un Sistema Nacional de Integridad en la Lucha Contra la Corrupción**
por Petter Langseth, Rick Stapenhurst y Jeremy Pope.
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-  **Corrupción en la mirilla: serie de artículos del Miami Herald sobre la corrupción**
-  **Índice de Corrupción de Transparencia Internacional**
-  **El futuro de la anti-corrupción: Reforma en México después de las elecciones de 1997** por Robert S. Leiken
-  **México: La crisis de aquí al lado (Corrupción en México)** por Robert I. Leiken
-  **Una nueva sección (en inglés) acerca del problema informático del año 2000 ha sido creada. Para acceder a ella pulse aquí.**
-  **Pequeño Manual sobre auditoría de Estado.** Alberto Silva Aristeguieta. Contraloría General de la República de Venezuela. 1998.
-  **Introducción a la gerencia pública.** Alberto Silva Aristeguieta. Contraloría General de la República de Venezuela. 1998.
-  **Normas de Control Interno de Perú.**
Documento en **formato Microsoft Word**  (121 páginas) o en **formato PDF** 
-  **Colección de artículos presentados en el Seminario Regional Interamericano de Contabilidad. Guatemala'98. III Convención Nacional de Contaduría Pública**
-  **"Combatiendo la Corrupción y promoviendo la Ética en el Sector Público"**
Robert Klitgaard.
En inglés.
-  **"Consejo Europeo para la lucha contra la corrupción y el crimen organizado"**

En Inglés.



"Controlando la epidemia de corrupción mundial"

Robert S. Leiken.

En Inglés.



"La prevención de la corrupción". United Kingdom Consolidation and Amendment of the Prevention of Corruption Acts 1889-1918: A Government Statement, June 1997.

En Inglés.



"Normas de Auditoría Gubernamental". Contraloría General de la República del Perú.



Colección de artículos acerca de la Corrupción publicados en el número 2 (1998) de la revista *Economic Reform Today*. Estos artículos están disponibles en nuestro website a través de la edición en Inglés (apartado Publications). Los mencionados artículos están marcados con un punto rojo como el que sigue: ●



Viabilidad Democrática y Control de la Corrupción.

Presentación realizada por D. Antonio Sánchez de Lozada en "La Primera Conferencia Internacional de Lucha Contra la Corrupción" que se realizó en Quito y Guayaquil, Ecuador del 27 al 29 de julio de 1998.



Sistemas Integrados de Administración Financiera

En Base a la Experiencia de América Latina

Margaret Bartel, CPA



Sistemas Integrados de Administración Financiera en Latino América, en 1995

Lynette Asselin.



Manual Latinoamericano de Auditoría Profesional en el Sector Público



The Donor Consultative Group

Concept Paper.

En Inglés



Artículos de la Conferencia OECD-OSCE

Celebrada en París del 15 al 16 de Julio de 1998 cuyo título fue "Aproximaciones Nacionales e Internacionales para mejorar la Integridad y Transparencia de los Gobiernos".

En Inglés.



SIMAFAL (Sistema Integrado Modelo de Administración Financiera y Control para América Latina). Síntesis Ejecutiva.



ESTRATAC (Estrategia de Acción para lograr la Responsabilidad). Síntesis Ejecutiva.



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Sistema Integrado de Gestión Financiera, Administración y Auditoria, SIGFA

Idiomas: Español

#55 Dirección del Web: <http://www.el-pueblo.com/sigfa/>

Descripción: Nicaragua

Sistema Integrado de Administración Financiera de Panamá, SIAFPA

Idiomas: Español

#56 Dirección del Web: <http://www.geocities.com/~siafpa/>

Descripción: Panamá

SISTEMA INTEGRADO DE ADMINISTRACION FINANCIERA Y CONTROL (SIAF-SAG)

Idiomas: Spanish

#141 Dirección del Web: <http://www.siafsag.gob.gt/>

Descripción: Ministerio Finanzas Publicas Guatemala



Administración Financiera | Financial Management Documentos / Documents

Articles on Internal Auditing and Fraud Investigation

Idiomas: English

#106 Dirección del Web: <http://members.aol.com/marksimms/mrswweb/index.htm>

Descripción:

Office of the Inspector General, Integrity Briefing

Idiomas: English

#112 Dirección del Web: <http://www.usdoj.gov/oig/ethics1/index.html> <http://http://www.usdoj.gov/oig/ethics1/index.html>

Descripción: Departamento de Justicia del Gobierno de los EE.UU.



Corrupción | Corruption General

Anti-Corruption Review

Idiomas: English

#59 Dirección del Web: <http://www.ita.doc.gov/legal/corr-rev.html>

Descripción:

International Center for Not-for-Profit Law

Idiomas: English

#60 Dirección del Web: <http://www.icnl.org>

Descripción:

Internet Corruption Perception Index

Idiomas: English

#61 Dirección del Web: http://www.gwdg.de/~uwww/icr_head.htm

Descripción:

The Fraud Information Center (TFIC)

Idiomas: English

#62 Dirección del Web: <http://www.echotech.com/>

Descripción:

FraudNet

Idiomas: English

#63 Dirección del Web: <http://users.aol.com/auditnet/fraudnet.htm>

Descripción:

Money laundering Alert

Idiomas: English

#64 Dirección del Web: <http://www.moneylaundering.com>

Descripción:

OECD initiatives to fight corruption

Idiomas: English

#125 Dirección del Web: <http://www.oecd.org/daf/cmia/bribery/brindex.htm>

Descripción:

FedWorld U.S. Government Information Network, Reports, Websites (search)

Idiomas: English

#171 Dirección del Web: <http://www.fedworld.gov/>

Descripción:

Esfuerzos anti-corrupción en Africa

Idiomas: English

Dirección del Web:

#181 http://www.info.usaid.gov/press/spe_test/speeches/speech702.html

Descripción: Notas de J. Brian Atwood (Administrador de USAID) en el "Global Coalition for Africa Meeting" celebrado en Washington, D.C., el 8 de Octubre de 1998

Página del Centro Anti-Corrupción del Banco Mundial

Idiomas: English

Dirección del Web:

#200 <http://wbln0018.worldbank.org/prm/premhome.nsf/AllDocuments/Anti-Corruption+Knowledge+center?OpenDocument>

Descripción:

Escandalos Financieros

Idiomas: English

#146 Dirección del Web: <http://www.ex.ac.uk/~RDavies/arian/scandals/>

Descripción: Guia con información relevante sobre los escandalos financieros mas importantes del mundo.

Centro de Recursos acerca de Anti-Corrupción del Banco Mundial

Idiomas: English

Dirección del Web:

#161 <http://wbinfo018.worldbank.org/prm/premhome.nsf/AllDocuments/Anti-Corruption+Knowledge+center?OpenDocument>

Descripción:

**RED DE INSTITUCIONES DE COMBATE A LA CORRUPCION Y
RESCATE DE LA ETICA PUBLICA**

Idiomas: Español

#204 Dirección del Web: <http://www.ciad.org.ve/ricor.html>

Descripción:

**Corrupción / Corruption****Organismos Profesionales / Professional Organizations**Association of Certified Fraud **Examiners**

Idiomas: English

#74 Dirección del Web: <http://www.cfenet.com/>

Descripción:

International **Anticounterfeiting** Coalition

Idiomas: English

#85 Dirección del Web: <http://www.ari.net.lacc>

Descripción:

The Standing Committee on **Extortion** and **Bribery**

Idiomas: English

#107 Dirección del Web: <http://www.iccwbo.org/Comm/html/Briberycom.html>Descripción: **International Chamber of Commerce, The World Business Organization****Council of Europe's Fight against Corruption and Organised Crime**

Idiomas: English/Français

#117 Dirección del Web: <http://www.coe.fr/corrupt/index.htm>

Descripción:

**Corrupción / Corruption****Entidades Gubernamentales Anti-Corrupción / Government Anti-Corruption
Agencies**

Financial Crimes Enforcement 'Network

Idiomas: English

#57 Dirección del Web: <http://www.treas.gov/fincen/>

Descripción:

Comisión Independiente Contra la Corrupción

Idiomas: English/Chinese

#58 Dirección del Web: <http://www.icac.org.hk/>

Descripción: Hong Kong

Comisión Anticorrupción del Ecuador

Idiomas: Español

#101 Dirección del Web: <http://www.ecuanex.apc.org/anticorrupcion/index.html>

Descripción:

Anti-Corruption Commission: Republic of Zambia

Idiomas: English

#104 Dirección del Web: <http://gopher.zamnet.zm/zamnet/acc/>

Descripción:

Malaysian Anti-Corruption Agency

Idiomas: English

#109 Dirección del Web: <http://www.iaring.my/bpr/english.htm>

Descripción:

Independent Commission Against Corruption (ICAC), New South Wales, Australia

Idiomas: English

#111 Dirección del Web: <http://www.icac.nsw.gov.au/>

Descripción:

Administrative Reform Program, Taiwan

Idiomas: English

#113 Dirección del Web: http://expo96.org.tw/Government/Theme/Administrative_Reform/arp2x.htm

Descripción: Incluye el Programa Anti-Corrupción Taiwanes

Idiomas: English

#218 Dirección del Web: <http://www.usdoj.gov/criminal/fraud>

Descripción: Sección de Fraude. División "Criminal". Departamento de Justicia de los EE.UU.

**Corrupción/Corruption****Organismos Cívicos / Civic Organizations****Acción Ciudadana**

Idiomas: Español/English

#1 Dirección del Web: <http://www.quik.guate.com/acciongt>

Descripción: Guatemala

Transparency International

Idiomas: English

#65 Dirección del Web: <http://www.transparency.de/>

Descripción:

Alianza Cívica

Idiomas: Español

666 Dirección del Web: <http://www.alianza.com>

Descripción: México

Civitas .

Idiomas: English

667 Dirección del Web: <http://www.civnet.org>

Descripción:

Grupo Esquel

Idiomas: English

#68 Dirección del Web: <http://www.esquel.org>

Descripción:

Fundación Institucionalidad y Justicia, Inc. (FINJUS)

Idiomas: Español/English

#69 Dirección del Web: <http://www.finjus.org.do>

Descripción: República Dominicana

ISP

Idiomas: Español/English

#70 Dirección del Web: <http://www.ispnet.org>

Descripción: Estrategia Interamericana para la Participación Pública en Desarrollo Sostenible

PACT

Idiomas: English

#71 Dirección del Web: <http://www.pactworld.org>

Descripción:

Poder Ciudadano

Idiomas: Español

#72 Dirección del Web: <http://chorlo.cpel.uba.ar/~podciud/>

Descripción: Argentina

grupo FUNDEMOS

Idiomas: Español

666 Dirección del Web: <http://nicanet.com/nl/fundemos/>

Descripción: Nicaragua

Un Mundo, Un Pueblo

Idiomas: Español/English

#124 Dirección del Web: <http://www.rosemart.com/a/red1x1/>

Descripción: Argentina

Representantes Nacionales de Transparency International en las Américas

Idiomas: English

#176 Dirección del Web: <http://www.transparency.de/organisation/chapters/americas.html>

Descripción:

**Corrupción | Corruption
Documentos / Documents****Convención Inter-Americana contra la Corrupción**

Idiomas: English

#76 Dirección del Web: <http://www.oas.org/EN/INFORM/CONVEN/corrupt.htm>

Descripción:

Declaración de Santiago, Segundo Cumbre de las Américas

Idiomas: Español

#77 Dirección del Web: http://www.cumbre.cl/summit/pz_2.htm

Descripción:

Declaration of Santiago, Second Summit of the Americas

Idiomas: English

#78 Dirección del Web: http://www.cumbre.cl/summit/pr_21.htm

Descripción:

Convención de la OCDE Contra el Soborno a Funcionarios Públicos Extranjeros

Idiomas: English/Français

#79 Dirección del Web: <http://www.oecd.org/daf/cmis/bribery/20nov16.htm>

Descripción:

Reformas de la Ley Delito de Defraudación Fiscal

Idiomas: Español

#80 Dirección del Web: <http://www.asamblea.gob.ni/justi15.html>

Descripción: Nicaragua

Corruption: Causes, Consequences, and Agenda for Further Research

Idiomas: English

#87 Dirección del Web: <http://www.worldbank.org/land/english/0398/articles/010398.htm>

Descripción: Publicación del Banco Mundial por Paulo Mauro

Corruption, Public Investment, and Growth

Idiomas: English

#88 Dirección del Web:

<http://www.imf.org/external/pubs/CAT/doctext.cfm?docno=WP/97/139-EA>

Descripción: Publicación de la FMI por Vito Tanzi y Hamid Davoodi

Corruption and the Rate of Temptation - Do Low Wages in the Civil Service Cause Corruption?

Idiomas: English

#89 Dirección del Web:

<http://www.imf.org/external/pubs/CAT/doctext.cfm?docno=WP/97/173-EA>

Descripción: Publicación de la FMI por Caroline Van Rijckeghem y Beatrice Weder

Money Laundering and International Efforts to Fight it

Idiomas: English

#90 Dirección del Web: <http://www.worldbank.org/html/ffd/notes/48/48summary.html>

Descripción: Informe del Banco Mundial, by David Scott

High-Level Rent-Seeking and Corruption in **African** Regimes: **Theory** and Cases

Idiomas: English

Dirección del Web:

#91 <http://www.worldbank.org/html/dec/Publications/Workpapers/wps1780-abstract.html>

Descripción: **Publicación del Banco Mundial** por Jacqueline Coolidge y Susan Rose-Ackerman

World Bank News: Bank takes Anti-Corruption Stance

Idiomas: English

#92 Dirección del Web: <http://www.worldbank.org/html/extdr/extma/1010.html#corruption>

Descripción: **Noticias del Banco Mundial** octubre de 1998

World Bank President Urges Business, Government to Take Bolder Steps Against Corruption

Idiomas: English

#93 Dirección del Web: <http://www.worldbank.org/html/extdr/extma/1515.htm>

Descripción: **Anuncio del Banco Mundial:** octubre de 1997

World Bank President Addresses Anti-Corruption Conference in Lima, Peru

Idiomas: English

#94 Dirección del Web: http://www.worldbank.org/html/extdr/extma/pr_cor.htm

Descripción: **Anuncio del Banco Mundial:** septiembre de 1997

Why Worry About Corruption?

Idiomas: English

#95 Dirección del Web: <http://www.imf.org/external/pubs/ft/issues6/index.htm>

Descripción: **Publicación de la FMI** por Paulo Mauro

Controlling Fiscal Corruption

Idiomas: English

#96 Dirección del Web:

<http://www.imf.org/EXTERNAL/PUBS/CAT/doctext.cfm?docno=WP/97/100-EA>

Descripción: **Publicación de la FMI** por Sheetal K. Chand and Karl O. Moene

Corruption Around The World - Causes, Consequences, Scope and cures

Idiomas: English

Dirección del Web:

#97 <http://www.imf.org/EXTERNAL/PUBS/CAT/doctext.cfm?docno=WP/98/63-EA>

Descripción: **Publicación de la FMI** por Vito Tanzi

Corruption, Public Investment and Growth

Idiomas: English

Dirección del Web:

#98 <http://www.imf.org/EXTERNAL/PUBS/CAT/doctext.cfm?docno=WP/97/139-EA>

Descripción: **Publicación de la FMI** por Vito Tanzi y Hamid Davoodi

Accountants and Society: Serving the Public Interest

Idiomas: English

#99 Dirección del Web: <http://www.worldbank.org/html/extdr/extma/jdosp102697.htm>

Descripción: **Comentarios al Congreso Mundial de Contadores** por James D. Wolfensohn **Presidente del Banco Mundial** París, 26 de octubre de 1997

The Perception of Corruption: A Market Discipline Approach

Idiomas: English

Dirección del Web: <http://userwww.service.emory.edu/~travero/ip/project2.html>

- #103 Descripción: **Publicación de Goizueta Business School Emory University, 1996 Atlanta, Georgia, EE.UU. Investigado por: Laurence Busse, Noboru Ishikawa, Morgan Mitra, David Primmer, Kenneth Doe and Tolga Yaveroglu**

The Costs of Grand Corruption

Idiomas: English

- #105 Dirección del Web: <http://www.cipe.org:80/e22/moeE22.html>

Descripción: **Publicación del Center for International Private Enterprise (CIPE) por George Moody-Stuart**

Corruption and Governance in the South Pacific

Idiomas: English

- #108 Dirección del Web: <http://sunsite.anu.edu.au/spin/SPINDOC/larmour971.html>

Descripción: **Publicación del National Centre for Development Studies por Peter Larmour**

Corruption in the Dominican Republic

Idiomas: English

- #110 Dirección del Web: <http://www.coursquare.com/members/miguelito/index.html>

Descripción: **Artículos relacionados a la corrupción**

Corruption : A Product of Poverty

Idiomas: English

- #114 Dirección del Web: <http://web.kanazawa-u.ac.jp/~med2/23/corruption.html>

Descripción: **Editoriales de periódicos de Bangladesh**

Corruption and the Global Economy

Idiomas: English

- #118 Dirección del Web: <http://www.iie.com/corrupt.htm>

Descripción: **Publicación del Institute for International Economics Kimberly Ann Elliott, editora**

The Prevention of Corruption

Idiomas: English

- #119 Dirección del Web: <http://www.homeoffice.gov.uk/corrupt.htm>

Descripción: **Gobierno del Reino Unido**

El Nuevo Herald - Serie sobre Corrupción

Idiomas: Español

- #121 Dirección del Web: <http://www.elherald.com/archive/corruption/index.htm>

Descripción: **Serie de artículos sobre corrupción desde el 19 al 22 de junio de 1998**

Miami Herald English - Corruption Articles

Idiomas: English

- #122 Dirección del Web: <http://www.herald.com/extra/docs/065247.htm>

Descripción:

Periodico Hoy de Quito, Ecuador - Articulos sobre corrupción

Idiomas: Español

- #123 Dirección del Web: <http://www.hoy.net/ed-html/temas/corrupt/home.htm>

Descripción:

international Cooperation Against Corruption

Idiomas: English

#129 Dirección del Web: <http://www.worldbank.org/fandd/english/0398/articles/080398.htm>

Descripción: Publicación del Banco Mundial por Robert Klitgaard

Corruption and Development

Idiomas: English

#130 Dirección del Web: <http://www.worldbank.org/fandd/english/0398/articles/020398.htm>

Descripción: Publicación del Banco Mundial por Cheryl W. Gray y Daniel Kaufmann

Helping Countries Combat Corruption: The Role of the World Bank

Idiomas: English

#131 Dirección del Web: <http://www.worldbank.org/html/extd/corruptn/coridx.htm>

Descripción: Informe del Banco Mundial

World Bank Policy and Research Bulletin: Reducing Corruption

Idiomas: English

#132 Dirección del Web:

<http://www.worldbank.org/html/dec/Publications/Bulletins/prb8.3.html>

Descripción: Publicación del Banco Mundial

Corruption: A Major Barrier to Sound and Equitable Development

Idiomas: English

#133 Dirección del Web: <http://www.worldbank.org/html/extd/backgrd/ibrd/corrupt.htm>

Descripción: Publicación del Banco Mundial

1997 Annual Meetings World Bank Group Issue Brief: Corruption and Good Governance

Idiomas: English

#134 Dirección del Web: http://www.worldbank.org/html/extd/am97/br_corr.htm

Descripción: Informe del Banco Mundial

The Political Economy of Corruption—Causes and Consequences

Idiomas: English

#135 Dirección del Web: <http://www.worldbank.org/html/tpd/notes/74/74summary.html>

Descripción: Informe del Banco Mundial, por Susan Rose-Ackerman

Procurement Under IBRD Loans and IDA Credits

Idiomas: English

#136 Dirección del Web: <http://www.worldbank.org/html/opr/procure/intro.html#p115>

Descripción: Guías del Banco Mundial

Money Laundering: Muddying and Macroeconomy

Idiomas: English

#137 Dirección del Web: <http://www.worldbank.org/fandd/english/0397/articles/0110397.htm>

Descripción: Publicación del Banco Mundial por Peter J. Quirk

Redesigning the State to Fight Corruption

Idiomas: English

#138 Dirección del Web: <http://www.worldbank.org/html/tpd/notes/75/75summary.html>

Descripción: Informe del Banco Mundial, por Susan Rose-Ackerman

**Compañías Multinacionales, Déficit de Gobernabilidad y Corrupción:
Discutiendo este complejo tema desde la perspectiva de la**

Idiomas: English

#167 Dirección del Web: <http://iagor.srce.hr/~mprofaca/mainmenu.html>

Descripción:

**Indice de Percepción de la Corrupción realizado por Transparency
international**

Idiomas: English/ Español

#174 Dirección del Web: <http://www.transparency.de/documents/cpi/index.html>

Descripción:

Transparency International's National Integrity Systems Sourcebook

Idiomas: English

#175 Dirección del Web: <http://www.transparency.de/documents/source-book/a/index.html>

Descripción:

Informe sobre el fraude de Ernst 8 Young

Idiomas: English

Dirección del Web:

#178 <http://www.eyi.com/Int.nsf/d5bc9d07278d8ec2802564f20054c940/7fab79f24bf3fed48025662f004cdeb06>

Descripción:

Informe Internacional sobre el fraude de KPMG PMM 1996

Idiomas: English

#179 Dirección del Web: <http://www.kpmg.net/library/96/may/library2.html>

Descripción:

Prevención de la Corrupción en los proyectos del Banco Mundial: Pautas a seguir

Idiomas: English

Dirección del Web:

#162 <http://wbln0018.worldbank.org/PRM/PREHome.nsf/e684a44e29f9c0852565e70066ba5d/bb0458b12>

Descripción:

**Prevención de la corrupción en proyectos del Banco Mundial: Iniciativa para el ca
prestamos.**

Idiomas: English

Dirección del Web:

#10 <http://wbln0018.worldbank.org/PRM/PREHome.nsf/5c8746c146a3e813852565c50009d56b/e2dec38a>

Descripción:

**Ley de practicas corruptas en el extranjero - Una aproximación
(Departamento de Justicia y Comercio**

Idiomas: English

#207 Dirección del Web: <http://www.ita.doc.gov/legal/fcpa1.html>

Descripción:

**Ley de practicas corruptas en et extranjero (Provisiones antisoborno).
Departamento de Justicia de los EE.UU (Sección: Fraude**

Idiomas: English

#208 Dirección del Web: <http://www.ita.doc.gov/legal/fcparev.html>

Descripción:

Texto de la ley de **prácticas corruptas** en el extranjero. Incluye las enmiendas de 1998 (Versión no oficial).

Idiomas: English

#209 Dirección del Web: <http://www.ita.doc.gov/legal/fcomawr.html>

Descripción:

Enmiendas de 1998 a la ley de **prácticas corruptas** en el extranjero. Departamento de Justicia y Comercio de los EE.UU.

Idiomas: English

#210 Dirección del Web: <http://www.ita.doc.gov/legal/leg.html>

Descripción:

Resumen de la **Convención Anti-Soborno de la OCDE**

Idiomas: English

#211 Dirección del Web: <http://www.ita.doc.gov/legal/occdasyn.html>

Descripción: Resumen realizado por el Departamento de Comercio, Estado y Justicia de los EE.UU.

Texto completo de la **Convención de la OCDE para combatir el soborno de funcionarios públicos en transacciones de negocios int**

Idiomas: English

#212 Dirección del Web: <http://www.ita.doc.gov/legal/occd-con.html>

Descripción:

Texto completo de los **comentarios a la Convención de la OCDE para combatir el soborno de los funcionarios públicos.**

Idiomas: English

#213 Dirección del Web: <http://www.ita.doc.gov/legal/occdci.html>

Descripción:

Idiomas: English

#214 Dirección del Web: <http://www.ita.doc.gov/legal/bribery.html>

Descripción:

Convención Inter-Americana contra la corrupción

Idiomas: English

#215 Dirección del Web: <http://www.ita.doc.gov/legal/corrupt.html>

Descripción:

Resumen de la **convención interamericana contra la corrupción**

Idiomas: English

#216 Dirección del Web: <http://www.ita.doc.gov/legal/oas2.html>

Descripción:

"The Anti-Corruption Review". Departamento de Comercio de los EE.UU.

Idiomas: English

#217 Dirección del Web: <http://www.ita.doc.gov/legal/master.html>

Descripción:



Corrupción / Corruption Historic Corruption Documents

Informe de 1909 acerca de las causas de corrupción municipal en San Francisco

Idiomas: English

#166 Dirección del Web: <http://www.sfmuseum.org/hist5/craft1.html>

Descripción:



Otras Páginas de Interés / Other Websites of Interest General

AmericasNet

Idiomas: Español/English/Portugués

m1 Dirección del Web: <http://www.americanet.net>

Descripción: Información sobre la Segunda Cumbre de las Américas Chile 1998

Constituciones de América Latina y el Caribe

Idiomas: Español/English/Français /Portugués

662 Dirección del Web:

<http://www.georgetown.edu/LatAmerPolitical/constitutions/constitutions.html>

Descripción:

AmericasNet

Idiomas: English

#83 Dirección del Web: <http://summit.fiu.edu>

Descripción: Centro de las Cumbres de las Américas de Florida International University

Yupi Internet, Inc., Noticias Internacionales

Idiomas: Español

#84 Dirección del Web: <http://www.yupi.com/canales/noticias>

Descripción:

Office of International Criminal Justice

Idiomas: English

#115 Dirección del Web: <http://www.acsp.uic.edu/index.shtml>

Descripción: University of Illinois at Chicago

Oficina de Justicia Criminal Internacional

Idiomas: Español

#116 Dirección del Web: <http://www.acsp.uic.edu/spanish/index.shtml>

Descripción: University of Illinois at Chicago

BBC Noticias en Español

Idiomas: Español

#126 Dirección del Web: <http://news.bbc.co.uk/hi/spanish/world/default.htm>

Descripción:

**The Global Forum on
Fighting Corruption and Safeguarding Integrity
Among Justice and Security Officials**

PRESS INFORMATION SHEET

The Office of the Vice President and the Department of State welcome representatives of media organizations accredited to A Global Forum on Fighting Corruption and Safeguarding Integrity Among Justice and Security Officials.

Media credentials must be worn at all times while in the Department of State.

The Dean **Acheson** Auditorium will serve as the conference press center. It is conveniently located next to the Loy Henderson Auditorium, the main ~~meeting site for the~~ conference. **All media representatives must enter and exit the State Department via the Press Entrance located on 23rd Street between C and D Streets, Northwest, Washington.** Press will not be permitted to enter through the Diplomatic Entrance on C Street.

A live feed of all forum events will be broadcast in the **Acheson** Auditorium. The Opening Ceremony from 9:00 a.m. through 10:00 a.m. and the Vice President's Introductory Remarks beginning at 10:30 a.m. on Wednesday, February 24th will be shown on a large projection screen. Following the Vice President's remarks, the screen will be stored and the stage used for ad hoc briefings. Closed circuit television coverage of the Forum will continue to be available in the Dean **Acheson** Auditorium throughout the meeting.

All sessions in the Loy Henderson Auditorium are open to the press. However please be mindful of disruptions caused by arrivals and departures during the proceedings

Telephones have been installed for use by visiting press. They are located near the entrance to the Loy Henderson Auditorium. A major credit card (Mastercard, Visa, etc.) or telephone calling card will be necessary to place calls outside the Washington metro area. To access the press telephone room, journalists must pass through the language interpreting area. **Please be considerate of the need for SILENCE while passing through this area.**

Within the **Acheson** Auditorium there are sufficient seats and journalists are welcome to work in the Auditorium throughout the conference day. Press center doors will open at 7:00 a.m. on Wednesday, 7:30 a.m. on Thursday, and at 7:00 a.m. on Friday. Please check with the Foreign Press Center on Tuesday, February 23rd for camera pre-set times. **Each evening the press center will close one half hour following the end of that day's events.**

Scheduled press events as well as ad hoc briefings will take place in the **Acheson** Auditorium. In addition, in two smaller rooms nearby, delegations may also hold ad hoc briefings for selected journalists (e.g. for journalists from country "x"). These rooms will be made available on a first come, first served, sign-up basis. Press officers in the **Acheson** Auditorium will post notifications regarding ad hoc briefings. **Delegations are responsible for arranging press coverage for briefings they schedule.**

Media representatives will be allowed unescorted access to the Loy Henderson Auditorium press area, the Delegates' Lounge, and the corridors surrounding these areas. While in the Loy Henderson Auditorium, press must remain within the press area at all times. Security guards, notices, and the annotated floor plan included in the press kit will help journalists orient themselves to the conference facility. Cameras (still and video) will only be permitted to film in the Loy Henderson and Dean Acheson Auditoriums, and in the small interview rooms. Access to areas designated "no press beyond this point" will require a cleared State Department escort.

The working language at the conference for the media will be English. Delegations briefing their national journalists may, of course, choose to use their native language. In this case, the use of a language other than English will be noted in the posted information announcing the briefing.

We have advised delegations that, in their contacts with the press, Chatham House Rules apply: Conference participants are free to cite or characterize their own delegation's statements but may cite or characterize those of other delegations only with their expressed permission.

Coffee and Tea for visiting journalists will be available just outside the Acheson press center. Please refrain from consuming refreshments for Forum participants while in the Delegates' Lounge.

OFF-SITE SPECIALTY SESSIONS:

Specialty sessions have been scheduled **offsite** at various United States Government agencies on Thursday afternoon. Please consult the "Session Topics and Participants" enclosed in the press kit for more detailed information.

Integrity and Corruption Issues Specific to National Security Forces:

Deputy Secretary of Defense Dr. John Hamre will address the National Security Forces panel concerning corruption issues specific to national security forces on Thursday February 25th, at the George C. Marshall Hall at the National Defense University, Fort McNair. Following Secretary Hamre's address, Secretary of the Army Louis Caldera will co-chair the panel. Dr. Hamre's address is open to the media. Biographic material for both participants will be available at the press information desk.

Attendance by the press is limited to 20 individuals. A sign-up sheet will be maintained at the press information desk in the Dean Acheson Auditorium. Any press wishing to attend this event should sign-up early as space will be allocated on a first-come, first-served basis.

Transportation to and from Fort McNair will be provided by the Department of Defense. The bus will depart from the C Street entrance of the State Department **promptly** at 3:00 p.m. Journalists must display a valid conference credential to board the bus to Fort McNair.

Additional questions may be directed to Mr. Paul Philips at the following telephone number: 1-703-693-1074.

Panel on procurement Officials and Panel on Financial Regulators: The Treasury Department will convene two simultaneous panel sessions on Thursday, February 25th at the Treasury Department, located at 1500 Pennsylvania Avenue, Northwest, Washington (approximately 10 blocks from the State Department). The Panel on Procurement Officials will take place in the Cash Room and the Panel on Financial Regulators will be held in the Diplomatic Reception Room.

Media without Treasury, White House, Defense, State or Congressional press credentials who are planning to attend should contact Treasury's Office of Public Affairs at (202) 622-2960 with the following information: Name, Social Security Number, and date of birth. This information may be faxed to (202) 622-1999. Each room will be open for pre-set at 2:30 p.m.

Press information officers will be available throughout the Forum in the Dean Acheson Auditorium to answer questions and assist with any other matters.

A Global Forum on
Fighting Corruption: Safeguarding Integrity
Among Justice and Security Officials

Strategy – Overall Approach

The International Crime Control Strategy identified the question of corruption among justice and security officials of governments as one of central significance to the rule of law. It recognized that official corruption is a problem that cannot ever be “solved”, but that it can be controlled, if governments have the political will to implement practices that are effective to do so. One of its initiatives is therefore that the U.S. call for an international conference on upholding integrity among key justice and security officials. Justice and security officials are defined as including all those with a key role in maintaining the rule of law (police, border officials, military personnel, prosecutors or judges). The conference was to determine which approaches to upholding integrity work, which do not, and what new approaches might be developed.

Almost simultaneously with the approval of the U.S. strategy, the G8 heads of government held an extensive discussion of the relationship between serious crime and corruption at the Summit in Birmingham, England in June 1998. Based on that discussion, the principals drafted and added to their Communique a new sentence. This directed the G8 Senior Experts on Transnational Crime (“Lyon Group”) to “explore ways of combating official corruption arising from the large flows of criminal money,” and report back to the next meeting of the G8 Summit, at Koln, Germany, in June 1999.

When the Vice President called for the Global Forum, he invited governments to send senior policy-level officials of justice and security institutions, or officials of specialized government ethics or anticorruption institutions. Governments were selected to represent as broadly as possible the diversity of the global community. No government was invited based on the existence or non-existence of corruption. The fundamental premise is that there is concern common to all governments, about a problem from which **none** is immune.

In anticipation of the Vice President's conference, the U.S. prepared a compendium of Guiding Principles for Fighting Corruption and Safeguarding Integrity Among Justice and Security Officials. It includes a broad range of practices that governments found to be effective in promoting public integrity or fighting official corruption. This working paper is offered to participants at the Global Forum, as a basis for discussion and a means of consolidating the substantial international consensus that exists. Preparations for the Global Forum also provided impetus to assemble descriptions of the many anticorruption initiatives, activities, and efforts being undertaken in 1999 against

various forms of corruption by a large number of United States Government agencies. The compendium forms a first consolidated International Strategy Against Corruption. It is intended to become a starting point for ongoing refinement and elaboration as a framework for United States anticorruption efforts abroad.

Response to the Global Forum was highly positive. Planned attendance by those governments invited uniformly indicated that they saw this initiative, to begin international discussion on the specific issue of corruption among government justice and security officials, as addressing a new aspect of the diverse problem of corruption. Many have expressed a commitment to remain closely engaged in the process.

The United States called for the Global Forum principally to begin the process of systematic international consideration of a particular aspect of corruption. Its strategic purpose was not to seek immediate agreement about an appropriate international response, but instead to achieve the following outcomes:

Guiding Principles and Effective Practices. An extensive and detailed examination, drawing on the experience of nearly eighty governments, of the full range of issues addressed in the working paper. Consolidation of the international consensus as reflected in the final report will offer a solid basis for promoting an effective global anticorruption principles and practices regime.

Research, Training, Assistance. Drawing on the final report, identify specific issues as subjects for further systematic research. Through cooperation with established international institutions, the United States Government will promote and support such research.

International Agenda. The United States will draw on the results of this meeting to promote a comprehensive international effort against all forms of corruption. In response to the strong outpouring of interest and support among the international community, the United States will continue to strongly emphasize the importance of fighting corruption and safeguarding integrity among justice and security officials, as an essential precondition to maintenance of the rule of law. The international should identify and implement follow-on activities to sustain and advance the important elements of international consensus that emerge from the Vice President's first major international forum on corruption and integrity issues specific to **officials** responsible to maintain the rule of law.

REMARKS AS PREPARED FOR DELIVERY BY VICE PRESIDENT AL GORE
OPENING SESSION OF INTERNATIONAL REGO CONFERENCE
Thursday, January 14, 1999

We are here at this extraordinary international gathering, the very first of its kind, to talk about a subject that lies at the very heart of economic growth and productivity -- and even basic political legitimacy -- for the 21st Century: reforming and reinventing government so that it is smaller, smarter, and more responsive to change in this fast-changing Information Age.

Just a handful of years ago, it would have been impossible to hold this conference. Government reform was considered purely a domestic, internal topic -- that is, when it happened at all. And back when our economies were defined by our political borders, it was far less of an economic imperative. After all, if our businesses had to battle a bloated bureaucracy, ever-rising taxes, and over-regulation, at least all of their competitors had the same disadvantage.

Today, so many forward-thinking nations have realized that they cannot make the most of the Information Age with the creaking governmental machinery of the Industrial Age. We cannot compete and thrive in the global marketplace if we are battling bureaucracy and apathy on our own shores. And we certainly cannot earn and sustain the faith of our people if we do not show them that self-government can work for them -- that they can reap its benefits, and become full partners in its progress.

Reinvention and reform is not a way to scale back our ambitions, or tighten our belts for its own sake -- as if sacrifice were a first principle.

It is, in fact, a recognition of this fundamental truth: that we cannot chase our highest ideals unless they are grounded in workable, practical, responsible self-governance.

We need governments that are as flexible, as dynamic, as **focussed** on serving their customers as the best private companies around the world. We need to adopt the very best management techniques from the private sector to create governments that are fully prepared for the Information Age.

In this fast-moving, fast-changing global economy -- when the free flow of dollars and data sustains economic and political strength, and whole new industries are born every day -- governments must be lean, nimble, and creative, or they will surely be left behind.

Then there is the basic freedom that underlies free markets everywhere. When governments work for the people -- when citizens receive good basic services, and have faith in the government that is providing them -- when taxes are low, and government meets public needs without maddening bureaucracy -- then a large measure of political and economic stability naturally follows. Let this be a first principle of 21st Century government: economic prosperity demands political legitimacy.

The question we should consider over the next two days is whether these different roads do indeed lead to the same destination: whether we can determine both the basic purposes of reinvention and reform around the world, and the basic tools and institutions we must strengthen to fulfill them.

We know that many of us have faced, in varying stages, a singular cultural challenge: Industrial Age bureaucracies that have grown far beyond the professional classes they were envisioned to be, and at times seem to specialize in immobility and apathy, lacking the leadership and also the freedom to change with the changing times.

This is not a new problem. Back in the days of Spanish rule in Latin America, when the viceroys were given commands by their King that they could not possibly fulfill, they answered with a phrase that still resonates through many bureaucracies today: “Obedezco pero no compló” -- “I obey, but I do not comply.”

In fact, we find that this sentiment is universal. In Turkey, there is a phrase that means: “I will obey the rules -- regardless of what they cause.”

In Germany, government workers used to use the phrase: “I will see what lets itself be done.”

Of course, here in the United States, a common phrase used to be: “good enough for government work.” We’re working to change that.

Clearly, all of us face the challenge of changing this culture, and leading and empowering employees to make the innovations we need. What, then, are the common imperatives as we seek to create that change? I believe there are four:

First, economic competitiveness. We all share a concern that government lay the foundation for economic prosperity, instead of being a drag on it -- which means cutting deficits and wasteful spending. We all share an interest in the transparency of government operations -- so that global investors have confidence in us, and are less prone to the rapid withdrawals of capital that we saw throughout Asia in the past year and a half.

Some of you may be familiar with the term “red tape” -- the ever-expanding rules and regulations that governments seem to love -- and citizens hate. In a global economy where capital can be invested anywhere, red tape is like an economic noose that says: if you send your investments here, we’re going to strangle them with bureaucracy, inefficiency, and forms, fees, and requirements you can barely even understand. That’s why so many of us are working on common-sense regulatory reform.

reform -- setting national standards for moving people from welfare to work, but then letting states and local-communities shape the reforms that work best for them.

This kind of empowering government -- government that sets goals, and provides the tools to reach them -- leaves a vital role for communities, churches, civic institutions, families: the kind of vibrant civic life that is the very ideal of self-government. It's happening everywhere: the representative from Ghana wrote to us about the importance of civil society to the reform process. Mongolia is shifting more governmental functions to its non-governmental organizations. This is far from an abdication of responsibility -- it is really a call to responsibility, from all quarters.

If we accept that these are our common purposes -- competitiveness, building faith, doing more with less, and strengthening civil society -- and I hope this is a subject we can debate at this conference -- then it is worth considering: does it take more than mere government reforms to achieve them? I believe it does.

The fact that we can even gather here may be because we have come to a new point in history. No longer do nations divide themselves along the stark ideological divides of the old Cold War. Instead, more and more nations are committed to the common vision of democracy and free-market economies.

At the heart of these concepts one finds a set of institutions that allow people of different beliefs to peacefully resolve their differences. Democracy and market capitalism cannot thrive in societies that do not enjoy freedom of the press; an honest and impartial judiciary; an ability to check executive and legislative power; and a steadily expanding circle of dignity among different races and ethnic groups, women and men, different religious faiths.

These institutions are often frustrating and inefficient. But democracy and free markets work when we allow for the resolution of conflict. Too many nations are still lacking those basic institutions -- and for them conflict is bloody and brutal. But for those of us engaged in administrative and institutional reform, these underpinnings of democratic society are cherished. I believe they are the basis of any serious reform effort.

Let me talk just briefly about America's own experience, and the factors that drove President Clinton and me to **undertake REGO** six years ago. As I mentioned, when we campaigned in 1992, we saw a growing pressure for reform at the grassroots -- frustration with high taxes, and a feeling by many that they were not getting their money's worth. Crime and welfare were rising, the deficit was exploding, and we had fallen into a deep recession. There was a crisis of faith -- not just in government, but in our ability to solve our common problems.

Finally, you cannot improve customer service unless you truly listen to the customer. This year, we will conduct the first-ever government-wide Customer Satisfaction Survey -- to assess the progress we have made in the last five years. We have already established over 4,000 customer service standards, all published on our agencies' web sites. Now we need to determine, from the people's perspective, how we are doing, and how we can do better.

My hope is that this conference will be the start of a new international coalition for competitiveness -- one that seizes on our shared reforms to build governments that are as smart, as effective, and as dynamic as today's global economy and Information Age. That has been the heart of REGO in the United States -- and I know we have a lot to learn from all of you.

As all of us know, this is hard, unglamorous work. But as much as REGO is about the nuts and bolts of government, it is also about the soul and spirit of self-government. By meeting this challenge together, we can create more than effective government agencies -- we can create a global economic community that is strong and vibrant and equipped for the challenges of change. We can create a new trust and faith in our people, and in each other. That is the spirit in which I hope we will work these next two days, and in the years to come. Thank you.

the midst of new wealth and opportunity, we have found new risk and challenge.

We can now move capital around the world at the touch of a computer key. But when that capital flows into weak financial systems whose dangers are obscured by poor transparency, the same capital can flow out just as fast -- leaving debt and dislocation in its wake. The resulting contagion can then unfairly damage even sound economies.

And in too many places, democratic institutions have not caught up with democratic aspirations. Instead, we find cronyism, corruption, and social unrest -- adding to the problem of attracting world investment.

But what we have learned also gives us every reason to be hopeful. After all, we are the nations that, together, created an economic miracle for Asia and the whole Asian-Pacific region. From Seoul to Shanghai to Singapore, from Sydney to Santiago to Silicon Valley, our businesses, our workers, and our governments had the skills, the creativity, and the drive to make it happen. Our people have not lost their abilities or their energies -- and they have certainly not lost their will. Weaknesses in financial structures have taken a toll, but the solid backbone -- the entrepreneurial spirit, the manufacturing strength, the dedication of our workforces -- remains.

So I come before you with this simple message this evening: just as our economies built an economic miracle for this region, now we must build an economic recovery. Just as today's economic crises are global in scope, the solutions must be global as well. And for my country's part, I assure you that the United States of America is determined to remain a strong partner -- both for the sake of jobs and growth in our own country, and for the sake of freedom and prosperity around the world.

This much is clear: just as the global financial crisis started here in Asia, the global economic recovery can and must start here in Asia as well. Tonight, I challenge the Asian Pacific nations to lead the way.

I want to discuss what I believe are the three central elements of renewed economic growth in this region: first, an aggressive recovery strategy for the short-term, built upon strong action and leadership by individual nations around the world.

Second, the steps we must all take together, as a family of nations, to build a stronger financial architecture and ensure sustained growth and stability into the 21st Century. And third, a deeper shared commitment to the fundamental human and political freedoms that are the surest foundation of free markets everywhere.

First, let us begin by recognizing the great progress that has been made to stem the current crisis -- and the crucial next steps that must be taken toward an immediate economic recovery.

Since the onset of the crisis last summer, we have worked with the international community to mobilize unprecedented support for countries in crisis. The IMF, the World Bank,

and the Asian Development Bank have committed \$65 billion to the affected countries in the region. To date, some \$44 billion of this has been disbursed to the countries in crisis. These strong reform programs, backed by financial support from the international community, have helped to restore stability and lay the foundation for recovery in the region.

We are seeing progress: for example, interest rates in Korea and Thailand have now returned to -- and in some cases even fallen below -- their pre-crisis levels. Governments have begun the hard task of reforming financial systems and restoring banks to health. There are real signs that both output and demand may be bottoming out.

But let us not underestimate the challenge which still confronts us. Optimism can be our ally; realism must be our guide.

In September, President Clinton called for specific, additional steps to spur growth and help those countries most in need. I am proud to report that nations around the world have risen to this common cause. The United States has now met its obligations to the IMF. The U.S., Canada, Japan, and some nations of Europe have cut interest rates. The G-7 industrial nations have agreed to establish a new precautionary line of credit, anchored in the IMF, to help nations with sound economic policies ward off global turmoil. Brazil is addressing its fiscal problems, and the international community is providing meaningful support.

Now, we must advance this agenda, and that means all nations must redouble their efforts to restore growth right away -- to lift the lives and the livelihoods of both this region and the world. Tomorrow, I will discuss with APEC leaders an urgent strategy to stem the financial crisis -- strengthening social safety nets for countries in distress, promoting trade and investment, and getting the corporate and financial systems back on their feet.

To begin with, let us not forget those who have been hit the hardest by the crisis: the poor and unemployed, children and the elderly. After so many years of dynamic and seemingly endless growth in this region, many nations were unprepared for the human cost of contraction.

While the IMF has allowed for critical increases in social investment in these countries, we must do more. That is why I am so pleased that the World Bank and the Asian Development Bank will more than double their support to strengthen social safety nets in this region. And I am pleased to announce a new U.S. initiative, a social framework for growth, that will combine bilateral assistance, technical assistance, and micro-credit -- so that we can help to ease human suffering, and build the kind of stability and shared prosperity that are essential to free market economies.

To achieve a rapid recovery, we must also channel more investment and trade back into this region -- and America will continue to do its part.

Tonight, I am pleased to announce that, in addition to the \$5 billion in short- and medium-term trade financing that our Export-Import Bank made available in the wake of the crisis, it will now provide an additional \$1 billion in medium-term financing each for Indonesia,

Thailand, and Korea to augment the existing short-term programs in these countries and help them meet their needs while at the same time encouraging trade between our nations.

I'm also pleased to announce that our Overseas Private Investment Corporation will provide over \$2 billion in insurance and financing to support new private investment in Asia, and will create innovative new financing products to bring more private capital back into this region. We want to do all that we can to encourage trade and investment here, so American business can be an active partner in your growth and recovery.

Next, short-term recovery demands that we revitalize the region's financial systems. That means lifting the mountains of bad debt that are crushing many banks and corporations throughout the region -- leaving them struggling to pay workers and creditors, and leaving them unable to secure the financing to keep factories open and economies humming. I have the honor to announce to you that this evening, President Clinton and Prime Minister Obuchi are together formally launching a joint initiative -- along with the Asian Development Bank and the World Bank -- to help nations obtain the financing to revive their banking systems and remove obstacles to serious restructuring.

There is a reason recovery must begin with the removal of obstacles to private sector growth. Ultimately, our best hope is to allow free markets to work their magic. That is why, six years ago, President Clinton and I worked so hard to eliminate the chronic deficits that had blocked our own private sector's borrowing and investment.

But once the private sector in this region has the freedom to grow, it must rise to the responsibility that comes with that opportunity. We need your active involvement in global economic recovery. We need your sustained investment in emerging markets. We need your support for the education, training, and workplace conditions that ensure a strong workforce. The Asian-Pacific region needs a strong and engaged private sector to replace bad debt with sound investment, once and for all.

Before I move to the systemic, longer-term issues we must address, I want to make one further point. In 1993, other nations rightly asked the United States to get our fiscal house in order. We have done so. And just as the world looked to America then to play a more powerful role in the global economy, so today the world looks to Japan.

One of the reasons we do so is that we know what Japan can do when it is at its best. After all, Japan's achievements have been extraordinary -- building the world's second largest economy, forging a broad prosperity and security for its people, and leading the way toward international development and peace. Even in the midst of recession, Japan generates more than two-thirds of Asia's combined GDP. The region cannot recover without Japan boldly and strongly leading the way. I believe Japan can do so -- and I believe it must. But Japan's economy has now been stalled for five years. If Asia is to prosper in the 21 st Century, Japan needs to restart its economy in this century:

By moving promptly on bank reform -- as it has begun to do; by further spurring

domestic demand; by deregulating key economic sectors; and by opening more markets.

By achieving strong growth, driven by domestic demand, Japan can provide the spark to restart every economic engine in the region. If Japan meets this challenge, it can lead this entire region into the 21st Century.

While these short-term steps are critical to stem the crisis, we must also work aggressively to address the broader, systemic causes of crisis -- and that means working together to reshape our world financial architecture, so that we can build a strong and sustainable recovery for the long haul.

We must realize that meeting these twin goals -- short-term recovery and longer-term growth and stability -- requires a delicate balance. For the irony is that by addressing the larger systemic problems too abruptly, or in the wrong way, we could actually slow the immediate recovery that is so desperately needed. But that doesn't make these broader problems any less urgent. We absolutely must adapt the world's financial and trading institutions to the new and renewed economy that they serve. In other words, we need a global financial architecture that is as open and inclusive -- and just as robust and dynamic -- as today's high-speed, hyper-linked information economy.

At last year's APEC meeting in Vancouver, President Clinton and other Asian Pacific leaders launched an international effort that gives emerging economies a seat at the table as we strengthen the world financial system. Our finance ministers and central bankers have been hard at work on this task; we need their candid assessments and boldest ideas.

Our challenge is to build a foundation for more stable and sustainable capital flows -- not to halt or control the flow of capital, but rather to make sure it is used wisely and effectively, in the most productive ways possible.

Toward this end, we must give emerging markets more of the tools to manage risk -- and help them to build financial systems that are strong enough to withstand adversity. We must also improve our international financial institutions -- including the IMF -- so we can manage crisis more effectively, rely more upon the private sector for its resolution, and minimize its impact on the most vulnerable.

And obviously, it is urgent that we bring greater transparency and openness to our international economic system. Forget the gold standard -- today's economy operates on the information standard. A nation's economic power comes from votes of confidence cast constantly in markets around the world that evaluate every government's policies every day, through billions of transactions. If investors think you're playing fiscal games, or if a nation's financial standing is hidden in a dense fog of secrecy or confusion, or **distorted** by corruption, then interest rates climb almost instantly.

Our governments, banks, and businesses -- as well as global institutions like the IMF, the World Bank, and the WTO -- must also open more of their activity to public scrutiny. Openness,

transparency, and greater disclosure are the surest path to economic strength and investment from around the world.

And let me add that while this global financial architecture is vitally important for its own sake, we need to build confidence in global commerce and communication across the board. Together, we must avoid its pitfalls so we can seize its profound potential. For one thing, we must all meet the challenge posed by the Year 2000 problem -- to keep our global computer networks strong.

We must continue to promote the growth of global electronic commerce -- which is expected to grow to more than \$300 billion in just a few years -- I'm very pleased that APEC has taken up this challenge. By the year 2010, we can triple the number of people who can support their families because they can reach world markets through the Internet.

To make even more progress, we should hasten the completion of the new Global Information Infrastructure, or GII -- a network of networks that sends messages and images at the speed of light, across every continent. I hope APEC will continue to work toward this vision -- to build a true global electronic village, to expand access to phone service and communications, to improve the delivery of education and health care, and to create new jobs and industries.

I'm reminded of the prophetic words of one of my country's great writers, Nathaniel Hawthorne. In 1851, inspired by the telegraph invented 16 years earlier, he wrote these words: "By means of electricity, the world of matter has become a great nerve, vibrating thousands of miles in a breathless point of time...the round globe is a vast . . . brain -- instinct with intelligence!"

He might have been ahead of his time, but the simple fact is that in today's global economy, we are all connected. Global interdependence is not a policy -- it is a reality. As Prime Minister Chuan has said, "no country can avoid being affected by what happens halfway around the world." This is particularly true when it comes to our environment -- which is why we need shared global leadership on challenges such as global climate change.

And it is also true when it comes to trade. One third of America's growth in the past five years has come from expanding trade with other countries. If Asian workers lose their jobs, they can't afford American farm products, and our farmers suffer. If Asian stock markets drop, American investors feel the tremors, and our families suffer.

For this reason, expanded trade is a cornerstone of economic recovery. We must take great care to ensure that what began as a global financial crisis does not become a global trade crisis. I urge you to consider what has happened to Asian exports to America; they have gone up dramatically. And other major industrial economies have not absorbed nearly as much. I want to make one point crystal clear: the United States cannot be the importer of only resort. All developed countries -- whether in Asia, Europe, or the Americas -- must play a role, and keep tearing down trade barriers. In the end, in this global economy, protectionism will only protect us from prosperity itself.

In the past five years, the United States has been party to 260 new trade agreements, helping to open global markets in everything from agriculture to automobiles. At the 1994 APEC summit in Indonesia, we resolved to eliminate all trade barriers in the region by 2020. We've made strong progress, particularly with the 1996 Information Technology Agreement, which lowered both tariffs and prices for computer and telecommunications equipment. That agreement -- a proud moment for APEC -- has now been embraced in other regions, just one example of how our progress here has sparked free trade around the world.

Following the model of that agreement, just yesterday, APEC trade ministers agreed to move toward opening trade in nine key sectors, worth more than \$1.5 trillion a year in global trade -- and to build broader support for free trade in these sectors through the World Trade Organization.

These are not easy steps to take; all of us have faced pressure in our own nations to turn inward; and embracing openness requires leadership and vision. But in a tough financial environment, it is more important than ever. Each and every APEC economy must do its part.

And as we open the doors to global trade wider than ever before, let us build a trading system that lifts the fortunes of more and more people. Let us include strong protections for workers, for health and safety, for a clean environment. For at its heart, global commerce is about strengthening our shared global values. It is about building stronger families and stronger communities, through strong and steady growth around the world.

That is why the future of free and robust global markets depends so strongly on a third challenge -- one that surpasses all the others, even as it supports all the others. It is democracy, and the growth of self-government all around the world.

History has taught us that freedom -- economic, political, and religious freedom -- unlocks a higher fraction of the human potential than any other way of organizing society.

And that means it is the best guarantee of prosperity in the future. As President Kim Dae Jung has said: "Only a democratic society will be able to take full advantage of the benefits of the information age." If governments try to suppress the creative potential of their people by denying them access to information, they will undercut their own efforts to build their economies. Any government that suppresses information, suppresses the economic potential of the Information Age.

Some take another view. They cling to the belief that authoritarian rule makes it easier to impose the fiscal discipline and financial sacrifice often necessary to weather economic storms and spark growth. The facts refute that view.

People will accept sacrifice in a democracy, not only because they have had a role in choosing it, but because they rightly believe they are likely to benefit from it. The message this year from Indonesia is unmistakable: People are willing to take responsibility for their future -- if they have the power to determine that future. From Thailand to South Korea, Eastern Europe

to Mexico, democracies have done better in coping with economic crises than nations where freedom is suppressed. Democracy confers a stamp of legitimacy that reforms must have in order to be effective. And so, among nations suffering economic crises, we continue to hear calls for democracy and reform in many languages--“people’s power”, “doi moi”, “reformasi.” We hear them today -- right here, right now -- among the brave people of Malaysia.

Citizens who gain democracy also gain the opportunity and the obligation to root out corruption and cronyism; to support fair regulation that protects consumers and businesses; to press for sustainable development that protects the environment; to gain access to education and health care; to uphold impartial justice and the rule of law. And the citizens who launch these reforms will help their countries prosper -- as investors put their money and their faith in democracy, and pull it out of nations where decisions are rigged, where bloated bureaucracies sustain only themselves, where contracts are not honored, and where government swallows up tax revenues without working for the people.

All who love freedom are obliged to redeem people’s faith in self-government. Investments move in the direction of strong and deep democracy -- and so, too, has our world history.

In closing, let us realize that more than ever before, the world’s eyes are upon APEC -- because so much of our economic future rests in this region and rest on decisions made by APEC. In the coming days, the leaders of APEC will have an opportunity to meet the challenge of this crisis -- to revitalize enterprise; to lift our citizens to greater prosperity; to not merely heal the contagion, but to eradicate it. If we take the right short-term actions, if we build a 21st Century financial architecture for the 21st Century economy, and if we find in free markets the more fundamental freedoms that they nurture, I believe we can weather this global crisis together. But it will take hard work -- and it will take strong leadership from the Asian Pacific nations, as well as from the United States and Europe.

Fortunately, across this region, over a generation of extraordinary progress, you have shown the world what is possible. That is why American resolve is unshakeable -- and we will stand with you for growth and stability at every step of the way. So let us reaffirm the partnership and the purpose upon which APEC was founded. Let us work even harder to fulfill it. With so many hundreds of millions of jobs and families depending on it, we certainly don’t have a moment to waste. Thank you.

Charles Moskos
August 1998

De-Corrupting Security Security Forces

The need for non-corrupt security forces in the post-Cold War era can scarcely be overstated. A Pakistani employee of the **US** Drug Enforcement Agency (**DEA**) uncovers Pakistani air force pilots smuggling heroin into the United States. Shortly thereafter, the agent is jailed by Pakistani security forces and brutally tortured.

In Moscow, most of the police officers, if not directly working with organized crime, double as hired protection for businesses, a thinly disguised form of **extortion**. Russian news is replete with reports of senior army generals who sell off state property for personal gain. The Director of the F.B.I. warns of the danger of atomic weapons coming under the control of the Moscow mafia by those charged with guarding them.

Closer to home, General **Gutierrez Rebollo**, himself the head of Mexico's national anti-drug force, was arrested for allegedly working for Mexico's most notorious drug lord. This past May, a score of Mexican police and army officers were arrested for stealing cocaine from the evidence room of the local federal attorney's general office. The arrested cops included the commander of a special anti-drug unit that receives funds from the **DEA**. That drug-trade money now infects Mexican law enforcement from top to bottom looms as a major foreign policy concern for the United States. More ominously, our own country may become the next domino. **Corruption** now leaks across the border to infect American border patrols.

Can anything be done to stop "narco-corruption" and "kleptocracy" -- terms that now have entered the international vocabulary? Corrupt security forces that collude with homegrown and international criminal elements increasingly threaten national and global security. By security forces, we refer to military units, border guards, customs officials, along with national and local police agencies. Without honest soldiers and cops, there can be no coping with the organized crime that imperils the development of poor countries as well as our own national interests. If the great divide of states during the Cold War was left-right, today, it is clean-corrupt.

Whether 'every man has his price' is a question with no definite answer. But common sense tells that a necessary condition for systematic de-corruption is to insure that security forces and their families enjoy a decent living to include a secure life following retirement. We must hold to the proposition that there are enough people to staff a security force who would prefer to earn a decent living honestly, rather than become rich as crooks.

The plain fact is that in a poor country this is not an option for the soldier, customs official, or police officer. The yearly salary of a cop in either Moscow (ii

he is lucky enough to get paid) or Mexico City is about \$4,000. At the end of his career, he gets a reduced percentage of this salary as his **pension** -- which is probably **ravaged** by inflation anyway. Little wonder that corruption is endemic in such societies. Now could it be **otherwise**?

Honest security forces are not wishful thinking, however. A partly analogous situation existed in the United States during the Prohibition **era** -- another **time** of high corruption of law enforcement agencies. Underpaid **Treasury** agents in **particular** were **rife** with corruption from the illegal purveyors of alcohol. In the **late 1920s**, the Federal Bureau of **Investigation** under **J. Edgar Hoover** was charged with cleaning up the Treasury Department. **Political** appointees were dismissed, procedures were introduced to recruit qualified candidates, and a code of ethics was established. Most important, this was accompanied by **raises** in **salaries** and guarantees of long-term **compensation**. Honesty and **efficiency** improved dramatically. So much so, that the **newly professionalized** force within the Treasury Department quickly produced Eliot **Ness** and his "untouchables."

Looking abroad, we also have concrete examples of how law **enforcement entities** were transformed into honest ones. Hong Kong's **police** force was **rife** with corruption through much of this century. In the **1970s**, it went through a top-to-bottom cleansing process. Under draconian British **supervision**, the old guard was dismissed, new **recruits** were brought in and, importantly, **salaries** were raised along with upgraded pension scales. This model was **emulated** in Singapore. Both Hong Kong (at least before its annexation by **China**) and Singapore now enjoy reputations for honest security forces.

The **policy** proposal is simple. Security forces must earn a decent **living** in **local** terms. But this is not enough. In addition, security **personnel** must be **eligible** for a pension in hard currency that is backed by an "International De-corruption Agency" or IDA. Such a pension should be **geared** to **early** retirement, say twenty to thirty years of **service** as presently **exists** in the American military. With a relatively near horizon for retirement, a career law **officer** could readily see that he and his family will be taken **care** of. **Only** a guarantee of **financial** security can lay the **groundwork** for honest **service**. **Access** to top-line medical care for family members would also be a **powerful** inducement for an 'untouchable' cadre.

The mechanism for such internationally guaranteed pensions is well **established** and needs only be extended to **include** security forces in **vulnerable** countries. The pension system of the **United Nations** and **World Bank** can be looked at as possible models. Both these organizations **pension** their permanent employees in US dollars. What may be **new** here is the need for the IDA to 'top **out**' the salaries of selected security forces.

Once such a compensation system is in place, the core group of **non-corrupt officers** must engage in its own institution **building**. New members can be recruited from recent graduates of secondary schools to **attend** a special academy. As a **pre-commissioning** program, such an academy **will** stress the

service ethic over pecuniary motives and, most importantly, **will** be guided by honest **mentors** and exemplars. Respect for human rights should be introduced in the **training** program and made a condition of being selected and remaining in the **"untouchables."** IDA will make **its** own judgments on **whether** or not funded security forces are meeting the specified standards of honesty and respect for human rights. Forces that do meet those standards will simply be **cut** off from future funding. No other coercive measures will be needed.

What is destined not to work is relying **entirely** on 'vetting,' the new **buzz** word in American-supported police training programs abroad, **Under this** procedure, recruits are carefully screened for moral background, education qualifications, and even given psychological **testing**. The chosen **recruits are** then **given** Intensive training in **police** tactics, surveillance procedures, and electronic gadgetry. Without decent salaries, however, such trainees -- In the words of an experienced **DEA** official -- **"within** weeks go to **work** for the bad guys." Vetted **individuals** by offering their newly **acquired skills** and **their** American-donated electronic equipment become unprecedented assets for organized crime. Talk of the boomerang effect!

To be sure corruption can never be quenched entirely as we well know in the United States. it may be the case that honesty is so far **gone** in the **security** forces of certain countries -- Colombia, the **trans-Caucasus** republics? -- that even the attractions of a decent living and a secure pension may not be enough to produce a core of upright police.

There are certainly other countries, however, where the **scale** is sufficiently small, that the program of **de-corruption** would work out quite **well**. After all, we did invade Panama to remove the criminal, drug-dealing **regime** of Manuel **Noriega**. The Clinton Administration states **professionalization** of Haiti's **police** and **military** forces as being in the American national interest.

Haiti is **especially** enlightening. A new Haitian police **force** has been created through an American-sponsored **training** program. **Most** important, **the** police officers are now, thanks to **American** subsidies, **among the** higher **paid** employees in that country. Though not unblemished, a **decent** salary has **made** for a police **force** far more honest and attentive **to** human **rights** than any **other in** Haiti's history. The effectiveness of the Haiti police, however, is undermined by a judicial system that remains mired in **corruption**.

But Mexico remains the **big** problem. An International agency to guarantee salary inducements and pensions has a huge political **advantage over any** other policy of de-corruption. Mexico's **relations** with the **United** States are, to say the least, always touchy. indeed, deep down is the gut **feeling** that **anything** hurting the Northern **gringo** can't be all bad. Any **American interference** in internal law enforcement only aggravates Mexican resentment. Currently, the two countries **are** at loggerheads over allowing American (drug) agents to **carry** weapons inside Mexico. **With** Mexican **"untouchables,"** the **need** for such American demands would disappear. An internationally backed compensation of **security** forces would be incomparably less of a threat to **Mexican sensitivity** --

or that of any recipient country -- than American meddling in local law enforcement.

How much would an Internationally guaranteed compensation system cost? **Precise numbers** would have to be **worked out**, but let us **consider** some figures;. **Excluding** administrative costs, offering 100,000 law enforcement officers a **\$10,000** annual pension in hard currency would cost one **billion** dollars a year. **Tripling the going salary** in Mexico or Russia for the same number would come to **\$1.2 billion** annually. These are substantial costs to be sure, but they are more than balanced by not so long-term economic savings. **As** the core group of untouchables expands, there can be more than proportionate reduction in the personnel levels of other **security** forces. **One** honest server can surely replace many corrupt officials.

But beyond this, the ultimate monetary savings -- national and International -- of incorruptible security forces are immense. In Russia alone, about **\$10 billion** in revenues are lost each year just by illegal exports that pass through the hands of crooked customs officials. In the United States, after 15 years and nearly \$300 billion, the efforts to control the drug traffic have produced, at best, **mixed** results. Indirect costs of the impact of drugs on **American life** are put at \$67 billion a year. Let us also not forget the billions of dollars it cost to invade Panama and Haiti. Beyond these sheer monetary **considerations**, there are, of course, the incalculable suffering and deaths of **civilians** and soldiers caused by invasions of **countries** whose plight has been aggravated by corruption.

The lure of illicit financial gain among security forces **cannot** be **easily** broken, but a guaranteed decent salary and an Ironclad pension is the only way to begin.

Research Proposal. Honest security **officials** are a **necessary condition** (though not, alas, an infallible guarantee) of low corruption in the larger **society**. Unless people can rely on upright security forces, no basis **exists** for **cleaning** up corruption in business practices, **public** agencies, or the **political** process, much less fighting international crime. Everybody **understands** that crooked soldiers, cops, and judges have no **upside**. All else follows from **this** fundamental principle.

In the contemporary era, no problem may be more **pressing** than establishing non-corrupt security forces in countries plagued by governmental breakdowns in law and honesty. The focus of the proposed project would be on **security** forces. These are defined to include military forces, **border** guards, customs **officials**, national and local police forces.

Control of corruption directly addresses core issues in democratic government and economic development as **well** the very **fabric** of international security, including the spread of nuclear and chemical weapons. The **establishment** of a model of 'untouchables' in security forces has broad applicability that will add **immeasurably** to the common good of the world **community**. **Indeed**, in the wake of the end of the Cold War, the great **divide** is

no longer between communist and **democratic** systems, but between **corrupt** and clean governments.

The project will **use** the varied methods of the social **sciences**. Added **depth** and breadth will be brought to the topic by **relying** on **resource persons** in historical, psychological, and even philosophical and **religious** studies. **Theoretical** conceptualization will be joined with empirical **data collection**. The aim is to examine **real-life** situations, categorize them, and then generalize to meaningful policy recommendations.

An **underlying** assumption is that **while** ■ culWep affects **the degree** of **corruption** it is not an all **determining** factor. After all, we do **have** corrupt elements in societies where non-corruption is the norm and, more **importantly**, **vice versa**. Data would be collected on site and through **examination** of archival and official data sources.

information would be collected through personal interviews and **mini-**conferences in specific geographical **regions**. Resource **persons** would **include** American **diplomatic** and military personnel, American academics **with regional specialties** and non-American **academics** in **their** local **regions**, journalists, and, where practical, honest members of national and local **security** forces. **Public** opinion surveys on **attitudes** toward variables affecting **corruption** will be conducted in selected **countries**. The expertise of Transparency **International** which monitors corruption in business practices will also be utilized.

The project will proceed at three levels of analyses. At the micro-level, **we** will go beyond "rational choice" theory (individuals **maximizing** benefits and costs) by adopting a more complex scheme of **motivation through** such **concepts** as ethics, **social responsibility**, and group **cohesion**. **Put** In **another** way, **the** issue is how to "moralize" selected groups. Consider, for example, **the** **relative** weight of such virtues as **loyalty** and honesty when they come **into** conflict with **each** other.

At the organizational level, data (heretofore uncollected) **will** be gathered **on** the compensation levels of security forces (base salary, **in-kind** benefits, and pensions) in **comparison** with other occupations in the society. We shall examine the structure of security forces in terms of **recruitment, training, compensation, and career advancement**. **This** benchmark **information alone** would be an invaluable resource in combating **corruption**. Consider, for example, what would be the effects of an internationally **guaranteed** pension system for non-corrupt security forces.

At the macro-level, we shall ascertain correlations between **corruption and** variables such as: (a) **strength** of state, (b) **civil** society, (c) **religion**, (d) **economic** development, (e) gender roles, and (f) kinship systems.

The goal is to specify the **conditions** that foster a group of "untouchables" in security forces where **corruption is** endemic. "Success **stories**" of non-corruption will be especially analyzed.



International Cooperation Against Corruption

ROBERT KLITGAARD

Combating corruption is such a difficult and sensitive issue that many national political leaders who support such efforts in principle are hesitant to undertake them in practice. How can international cooperation help build support for fighting corruption, both nationally and globally?

VIRTUALLY all forms of corruption are proscribed by virtually all countries. Why, then, don't countries take more steps to reduce corruption? If countries have trouble fighting corruption, it may be because they lack sufficient will or sufficient local capacities, such as proper strategies and structures (including incentives), to prevent corruption. In some instances, local capacities are constrained by costs, in others by a lack of know-how, and in still others by insufficient efforts to devise strategies to combat corruption.

International cooperation can help individual countries to develop the necessary

will and capacities. This article proposes several new initiatives in which international cooperation could play crucial roles in combating corruption. One is the sponsorship of regional diagnostic studies. Countries would cooperate in organizing and funding, and then share the results of, private sector studies of systematic corruption in several areas (such as procurement, health care, and courts). These studies would help identify systematic improvements that might be made and suggest how to ensure the permanence of improvements through monitoring.

The article also proposes holding a "contest" among developing countries to see which could develop the best national strategies for reducing corruption. Regional seminars could broach the idea of developing a national strategy against corruption and provide examples of how this might be done, and technical assistance could help countries that wished to enter the contest to design their proposals. The winners (perhaps one or two countries for each continent) would be rewarded with seven years of sustained and additional aid. The rest of the world would learn from the good ideas generated by the contest, many of which could be implemented even in the absence of extraordinary international assistance.

Corruption's universality

In Belgium and the United Kingdom,

Japan and Italy, Russia and Spain, and other countries, allegations of corruption play a more central role in politics today than at any time in recent memory. Corruption is hardly a problem exclusive to developing countries or countries in transition. It is true that in Venezuela a local dictionary of corruption has been published in two volumes (*Diccionario de la corrupción en Venezuela*, 1989). But it is also true that a French author put together something similar for his country (Gaetner, 1991). Probably every country could publish a similar work.

The fact that much corruption in developing countries has important industrial country participation is now a commonplace. The nongovernmental organization Transparency International focuses on corruption in "international business transactions" and points out that there are First World givers of many Third World bribes. In coming years, the World Trade Organization is likely to find that this issue is a central one.

The reminder that corruption exists everywhere—in the private as well as the public sector, in rich countries and poor—is salutary, because it helps us avoid unhelpful stereotypes. But to contextualize the discussion is not to end it. In fact, noting that corruption is widespread may convey its own unhelpful subliminal messages. It may suggest, for example, that all forms and instances of corruption are equally harmful.

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Even more perniciously, it may lead less **discerning** listeners or readers to the conclusion that **because** corruption exists in every country; nothing can be done about it where they live. Consider the **analogies** to pollution or disease. Both phenomena may be observed everywhere, but **their** extent and patterns of incidence differ radically **among various regions, countries, and localities**. Questions of degree and kind are crucial, and this is also true of corruption. No one would conclude, for example, that because water pollution and AIDS exist in every country that nothing can or should be done to reduce them.

Corruption is a term with many meanings. The beginning of wisdom on the issue is to subdivide and analyze its many components. Viewed most broadly, corruption is the misuse of office for unofficial ends. The **catalogue** of corrupt acts includes—but is not limited to—bribery, **extortion**, influence peddling, nepotism, fraud, the use of **“speed money”** (money paid to government officials to speed up their consideration of a business matter falling within their jurisdiction), and embezzlement. Although people tend to think of corruption as a sin of government, it also exists in the private sector. Indeed, the private sector is involved in most government corruption.

Effects of corruption

Different varieties of corruption are not equally harmful. Corruption that undercuts the rules of the game—for example, the justice system, or property rights, or banking and credit—devastates economic and political development. Corruption that allows polluters to foul rivers or hospitals to extort exorbitant or **improper** payments from patients can be environmentally and socially corrosive. In comparison, providing some speed money to get quicker access to public services and engaging in mild irregularities in campaign financing are less damaging.

Of course, the extent of corruption also matters. Most systems can stand **some** corruption, and it is possible that **some, truly** awful systems can be improved by it. But when corruption becomes the norm, its effects are crippling. **Such** systematic corruption makes establishing and maintaining internationally acceptable rules of the game impossible, and is one of the principal reasons why the least developed parts of our planet stay that way.

Corruption as a system

Consider two analytical points. First, corruption may be represented as **following** a

formula: $C = M + D - A$. Corruption equals monopoly **plus** discretion **minus** accountability. **Whether** the activity is public, private, or nonprofit, and whether it is carried on in Ouagadougou or Washington, one will tend to find corruption **when** an **organization** or person has monopoly power over a good or service, has the discretion to decide who will receive it and how much that person will get, and is not accountable.

Second, corruption is a crime of calculation, not passion. True, there are both saints who resist all temptations and honest officials who resist most. But when bribes are large, the chances of being caught small, and the penalties if caught meager, many officials will succumb.

Combating corruption, therefore, begins with designing better systems. Monopolies must **be** reduced or carefully regulated. **Official** discretion must be clarified. Transparency must be enhanced. The probability of being caught, as well as the penalties for corruption (for **both** givers and takers), must increase.

Each of these introduces a vast topic. But notice that none immediately refers to **what** most of us think of **first** when corruption is mentioned—that is, new laws, more controls, a change in mentality, or an ethical revolution. Laws and controls prove insufficient when systems do not exist in which to implement them. Moral awakenings do occur, but seldom by the design of our public leaders. If we cannot engineer incorruptible officials and citizens, we can nonetheless foster competition, change incentives, and enhance accountability—in short, fix the systems that breed corruption.

Anticorruption strategy

Fixing flawed systems is not easy. Successful examples of doing so exist, however, and they contain several common themes.

Punish some major offenders. Successful strategies begin by “frying a few big fish.” When **there** is a culture of engaging in corrupt acts with impunity, the only way to begin breaking it up is for a number of major corrupt figures to be convicted and punished. The government should quickly identify a few major tax evaders, a few big bribe givers, and a few high-level government bribe takers. Since a campaign against corruption can too often become a campaign against the opposition, the first big fish to be fried should be from the party in power.

Involve the people in diagnosing corrupt systems. Successful campaigns

against corruption involve the **people**. If only they are consulted, citizens are **fertile sources** of information about where corruption is occurring. Ways of consulting them include carrying out systematic **client surveys**; setting up citizens’ oversight bodies for public agencies; involving professional organizations; consulting with village and borough councils; and using telephone hot lines, call-in radio shows, and **educational** programs. Business people and **groups** **should** participate with the protection of anonymity in studies of how corrupt systems of procurement, contracting, and the like actually work. Such studies would emphasize systems and not individuals.

Focus on prevention by repairing corrupt systems. Successful anticorruption efforts **fix** corrupt systems. They use a formula such as $C = M + D - A$ to carry out “vulnerability assessments” of public and private institutions. Like the best public health campaigns, they emphasize prevention.

Of course, reducing corruption is not all that one needs to care about. If, for example, so much money were spent attacking corruption and so much red tape and bureaucracy were created that the costs and losses in efficiency outweighed the benefits of reduced corruption, such efforts would be counterproductive. Ways in which countries can design effective anticorruption strategies are the following: **change** the “agents” carrying out public activities, alter the incentives of these agents and of citizens, collect information in order to raise the probabilities of corruption being detected and punished, change the relationship between agents and citizens, and increase the social consequences of corruption. In each case, one has to work through the putative benefits, as well as the many possible costs, of anticorruption activities.

Reform incentives. In many countries, public sector wages are so low that a family cannot survive on a typical official’s salary. Moreover, measures of success are often lacking in the public sector, so that what officials earn is not linked with what they produce. It should be no surprise that corruption flourishes under such conditions.

Fortunately, around the world, experiments in both public and private sectors are emphasizing **performance** measurement and the overhauling of pay schemes. Fighting corruption is only one part of a broader effort that may be called **institutional adjustment**, or the systematic recasting of information and incentives in public

and private institutions (Klitgaard, 1995). Institutional adjustment is the next big item on the development agenda

Political will

What you say is fine," it might be argued, "but what if the people on top are themselves corrupt? What if **international** business people and **local** business cliques have **powerful** incentives to do the corrupting? If the people on top in the public and private sectors are benefiting, will the reforms you mentioned have a chance of taking hold?"

The worry is that corrupt officials on top are monopolists unwilling to sacrifice their rents, and international and local business people are locked in a prisoners' dilemma in which the dominant strategy is to bribe. A corrupt equilibrium is reached, as a result of which rulers and top civil servants and some private **com-**panies gain, but society loses

What can be done in such a situation? The reflexive answer is "nothing." But consider the analogous question, "Why would national **leaders, who** are mindful of their self-interest, ever undertake free-market reforms, privatization, and related policies, all of which sacrifice their personal control over the economy?" Yet such reforms have swept the world, as has the remarkable "**third wave**" of democratic reforms.

Some governments do, of course, resist establishing good governance. But in the decade ahead, the crucial problem will not be inducing governments to do something about corruption but rather helping them to decide what should be done and how. Because of democratic reforms, new leaders dedicated to fighting corruption and improving public administration are attaining power as never before. Election campaigns from Nicaragua to Pakistan feature corruption as a major issue. And not just in developing countries, as public outcries about electoral campaigns in Italy and Spain, and negative publicity about campaign contributions in the United States, suggest. Many new leaders would like to improve customs and tax agencies, clean up campaign financing and elections, reduce bribery and intimidation in legal systems and the police, and, in general, create systems of information and incentives in the public sector that foster efficiency and reduce corruption. Their problem is not political will but know-how.

But it is also true that in many countries leaders are of two minds. They may

appreciate and decry the costs of systematic corruption, but they may also recognize the personal and party benefits of the existing, corrupt system. To assist them in moving toward a long-term strategy, it is necessary for several **steps** to be taken.

First, leaders must see that it is possible to make **systemic** improvements without committing political suicide. Sensitive consulting and technical assistance may help leaders learn from **anticorruption** efforts elsewhere, adopt a systematic approach, and analyze **confidentially** the many **categories** of political benefits and costs

Second, in developing strategies, leaders must recognize that not everything can be done at once. They should undertake

'Leaders must see that it is possible to make systemic improvements without committing political suicide.'

behind closed doors a kind of cost-benefit analysis, assessing those forms of **corruption** having the greatest economic costs (for example, corruption that distorts policies as opposed to determining who gets a specific contract) while considering where it will be easiest to make a difference. The anticorruption effort might begin where the public perceives the problem to be most acute. A good rule of thumb is that to be credible, an anticorruption campaign must achieve some tangible successes within six months.

Third, leaders need political insulation. International collaboration can help provide it, permitting counties to admit to a common problem ("corruption is not just our problem, or my party's, or my administration's") and move together to address it. Indeed, international conditionality that applies across many countries might help a national leader justify anticorruption measures that might otherwise be embarrassing or difficult to make credible.

International initiatives

International cooperation can help engender both the will to fight corruption and the capability to do so. Despite the obvious sensitivity of devising and implementing strategies to combat systematic corruption, international organizations can-and, indeed, already do-help by providing aid to support democratic reforms, more competitive economies, and improved governance.

But a more focused effort is needed: a systematic attack on systematic corruption.

Let us consider three international initiatives that could help galvanize the incipient international movement against corruption.

Regional diagnostic studies

Purpose: Such studies would be designed to encourage the taking of systematic action by both the private and the public sectors to reduce corruption in a region (for example, Latin America or Francophone **Africa**).

Basic idea: Each country would invite the private sector to carry out confidential **diagnostic** surveys of three or four areas prone to corruption, such as government contracting, the courts, hospitals, and revenue agencies. These surveys would **ask business** people confidentially to **diagnose** how corrupt systems might work in practice-that is, where the holes, weaknesses, and abuses in the current **systems** might be. The idea is to analyze systems, rather than

identify particular individuals in either the public or the private sector. The goal is not to do academic research but to obtain a quick assessment that can be used to formulate an action plan. Relevant information obtained from a small sample of 40 business people could well be sufficient to prepare a useful report. When each country's diagnostic study was complete, an international conference would share the results and analyze remedial measures, including possible international cooperation to combat corruption.

Political benefits: The fact that such a study was international would make it clear that corruption was not just a problem of country **X**, but an international problem needing international solutions. It would also emphasize that corruption is not just a problem of the government (or the current administration) and that the private sector is part of the problem and needs to be part of the solution. Political leaders would consequently be able to make the issue much more attractive politically. They could say that the diagnostic survey was being done continent-wide-addressing, for example, the international dimensions of bribery as well as their countries' particular difficulties. And they could point out that the survey was being carried out by and encompassed both the private sector, members of which are usually **complicit** where corruption exists, and the public sector.

An anticorruption contest

Purpose: Holding a contest to choose the best national anticorruption programs would **help** to communicate the idea that a country can have an effective strategy against corruption. Such an international contest could capture the imagination of people around the world.

Basic idea: Special international aid should be allocated by international **organizations** and bilateral aid agencies to countries willing to undertake reforms to address systematic corruption. Suppose International cooperation creates a program that promises seven years of special and significant support to the three developing countries that proposed the best national strategies against corruption. To help kindle interest in this contest, donors could fund international and local workshops. Then **cross-country** studies involving both the private sector and the government might focus on key areas such as revenue raising, procurement and public works, and the justice system. (This idea obviously dovetails with the proposed regional studies.) The focus would be on the vulnerability of systems to corruption, rather than on particular individuals. Participating countries would share the results of these studies, and national and international measures would then be designed to remedy structural defects. At this stage, interested countries would prepare their national anticorruption strategies. The three best strategies—perhaps one each from Africa, Asia, and Latin America—would be supported by special funds. Other country strategies or components thereof might well be supported by other aid providers and, of course, by the participating countries themselves.

Political advantages: The existence of a competition would create incentives for countries to show they are serious about corruption, and in preparing for the competition they would be assisted in learning (including from each other) what a strategy against corruption might contain. The measures to be included in an **anticorruption** strategy would depend on the country context, but they would often include:

- administrative reforms that designated an anticorruption focal point and simultaneously facilitated interagency **coordination**;
- mechanisms to enhance accountability, especially by involving business and citizens;
- measures designed to enhance capabilities in investigation and prosecution, and to improve the effectiveness of the courts;

- experiments with reforms of incentives in the public sector; and
- legal reforms designed to prevent **irregularities** in campaign financing and illicit enrichment, and to modify regulatory and administrative law to provide fewer opportunities for corruption.

Such an initiative could also be **helpful** to **international** organizations by showing that they were taking corruption seriously. It would give them a chance to fit various development initiatives, including civil **service** reform and institutional development, into a new and dynamic framework with high political salience.

"Toolkits"

Purpose: There is a clear need to accumulate and disseminate best practices in reducing corruption, by function, sector, level of government, and other relevant categories.

Basic idea: International cooperation could help to assemble and disseminate examples of best practice, as well as **frameworks** for policy analysis—a combination that might be called "toolkits" for fighting corruption. Possible areas in which these might be developed are revenue raising, including tax and customs agencies; the justice system; health care (from hospitals to the importation and distribution of pharmaceuticals); and government procurement, licensing, and contracting. Another possibility is an area where many industrial countries could make considerable improvements: the interfaces between money and politics, including political contributions, and party and campaign financing.

Tasks: In each area chosen, international organizations would create toolkits containing the following

- Analytical frameworks for diagnosing and dealing with corruption. These would comprise not only generic frameworks but also specific ones for tax administration, customs administration, police, prosecution, judges, procurement, and contracting.
- Case studies of best practices and **successes** in reducing corruption, at different levels of government and in different sectors and domains
- Participatory pedagogies—a variety of devices to enable citizens, businesses, non-governmental organizations, the media, and government employees to learn, and teach each other, about corrupt systems and what to do about them.

Conclusion

When corruption becomes systematic, fighting it must go beyond implementing

liberal economic policies, enacting better laws, reducing the number and complexity of regulations, and providing more training, helpful though these steps may be. Fighting systematic corruption requires administering a shock to disturb a corrupt equilibrium. It might include such **steps** as the following

- formation of a national coordinating body that is responsible for devising and following up on a strategy against corruption, along with a citizens' oversight board;

- identification of a few key agencies or areas on which the anticorruption effort might focus its efforts in the first year, in the hope of achieving some **momentum-building** successes;

- a capacity-building strategy within key ministries that takes the problems of incentives (including incentive reforms) and information seriously; and

- identification of a few major offenders whose cases will be prosecuted.

Combating corruption should focus on the reform of systems. It requires an economic approach, coupled with great political sensitivity. The design and implementation of the measures this article has been discussing must obviously be tailored to each country's conditions, but, at the same time, international cooperation can make a difference. Sometimes this may mean providing specialized technical assistance—for example, by organizing **high-level** anticorruption workshops or strategic consulting, or hiring international investigators to track down ill-gotten deposits overseas. International cooperation can help national leaders develop political resolve. Finally, international action can convey the useful truth that we are all involved in the problem of corruption—and that we must find solutions together. [F&D]

Suggestions for further reading:

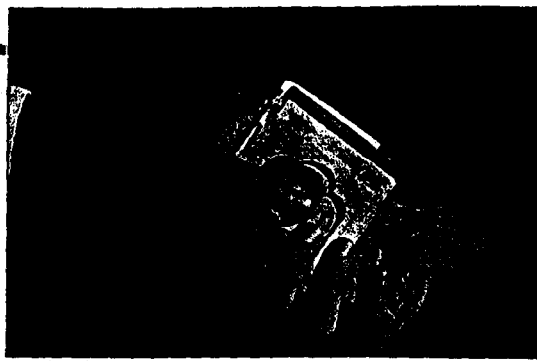
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Corruption and Development

CHERYL W. GRAY AND DANIEL KAUFMANN

What are the principal causes and costs of corruption?

This article examines these questions and suggests specific ways to enhance anticorruption efforts in developing and transition economies.

CERTAIN CLAIMS about corruption in developing countries are often heard: bribery and corruption can have positive effects; corruption is endemic everywhere; the costs of addressing corruption are prohibitively high; and the few resources that exist should be spent on enforcement measures, such as high-profile government watchdog agencies. But, in fact, there is increasing evidence that the economic costs of corruption are enormous; levels of corruption vary widely among developing countries; controlling corruption is feasible; and strategies to address corruption need to pay more attention to its root causes—and thus to the roles of incentives, prevention, and specific economic and institutional reforms.

The past few years have seen growing public recognition and discussion of the problem of corruption, including in addresses to the World Bank-IMF Annual Meetings by World Bank President James Wolfensohn and IMF Managing Director Michel Camdessus, lengthy discussions in the 1996 and 1997 editions of the *World Development Report*, internal task forces on corruption in the World Bank and the IMF (which have submitted reports to their respective Executive Boards and to the joint Development Committee), the increasing influence of the nongovernmental organization (NGO) Transparency International, the Organization for Economic Cooperation and Development's (OECD) recent landmark resolution to aim at bribery abroad, and a rapidly growing body of theoretical and empirical literature on corruption and its economic impact. Equally telling is the willingness of many public officials in emerging economies to discuss openly the challenges of corruption in their countries. In a recent survey of more than 150 high-ranking public officials and key members of civil society from more than 60 developing countries, the respondents ranked public sector corruption as the most severe impediment to development and growth in their countries.

Corruption's many faces

A general definition of corruption is the

use of public office for private gain. This includes bribery and extortion, which necessarily involve at least two parties, and other types of malfeasance that a public official can carry out alone, including fraud and embezzlement. Appropriation of public assets for private use and embezzlement of public funds by politicians and high-level officials (associated with "grand" corruption in various countries, some of which are beset by kleptocracies) have such clear and direct adverse impacts on a country's economic development that their costs do not warrant sophisticated discussion. The analysis of bribery of public officials by private parties—and, in particular, its impact on private sector development—is, however, more complex. In unbundling bribery, it is useful to consider what private parties can "purchase" from a politician or bureaucrat:

- **Government contracts:** Bribes can influence the choice of private parties to supply public goods and services and the exact terms of those supply contracts. It can also affect the terms of recontracting during project implementation.

- **Government benefits:** Bribes can influence the allocation of monetary benefits (tax evasion, subsidies, pensions, or unemployment insurance) or in-kind benefits (access to privileged schools, medical care, housing and real estate, or ownership stakes in enterprises being privatized).

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- **Public revenues:** Bribes can be used to reduce the amount of taxes or other fees collected by government from private parties

- **Time savings and regulatory avoidance:** Bribes can speed up the government's granting of permission⁶ to carry out legal activities

- **Influencing outcomes of the legal and regulatory process:** Bribes can alter outcomes of the legal and regulatory process, by inducing the government either to fail to stop illegal activities (such as drug dealing or pollution) or to unduly favor one party over another in court cases or other legal proceedings

The incidence of corruption varies enormously among different societies, ranging from rare to widespread to systemic. If it is rare, it may be relatively easy to detect, punish, and isolate. Once it becomes systemic, however, the likelihood of detection and punishment decreases, and incentives are created for corruption to increase further. This pattern of an initially rising, but then falling, cost of engaging in corrupt acts can lead to multiple equilibriums: one holding in a society relatively free of corruption, the other holding in a society where corruption is endemic. Moving from the latter toward the former is likely to be harder than controlling corruption when it has become prevalent but not yet systemic. Where there is systemic corruption, the institutions, rules, and norms of behavior have already been adapted to a corrupt modus operandi, with bureaucrats and other agents often following the predatory examples of, or even taking instructions from, their principals in the political arena.

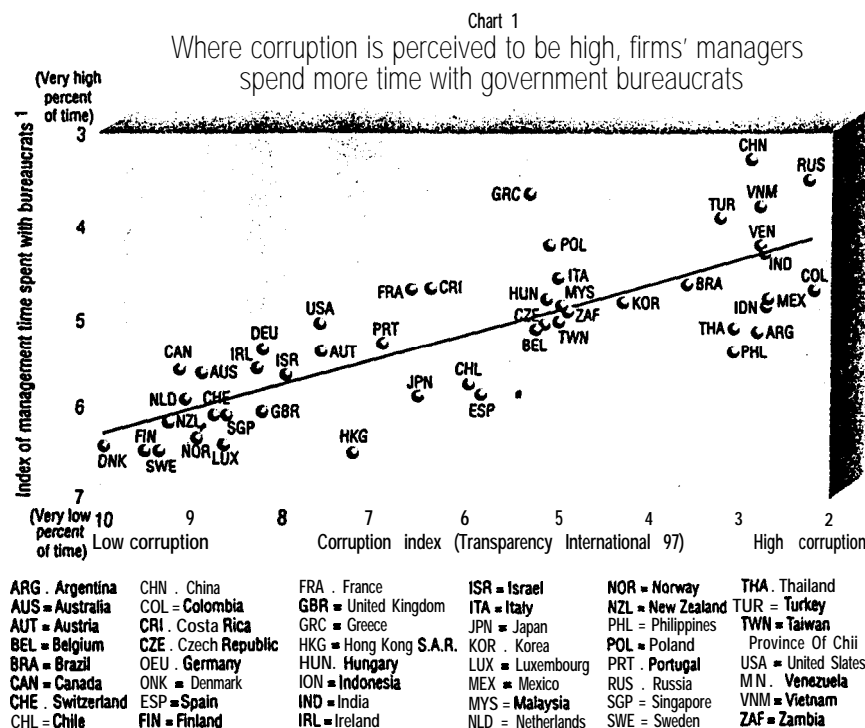
Economic costs of corruption

The body of theoretical and empirical research that objectively addresses the economic impact of corruption has grown significantly in recent years. It leads, in general, to the following conclusions:

- *Bribery is widespread, but there are significant variations across and within regions. For example, survey responses suggest that Botswana and Chile have less bribery than many fully industrialized countries.

- Bribery raises transaction costs and uncertainty in an economy.

- *Bribery usually leads to inefficient economic outcomes. It impedes long-term foreign and domestic investment, misallocates talent to rent-seeking activities, and distorts sectoral priorities and technology choices (by, for example, creating incentives to contract for large defense projects rather than rural health clinics specialii in



Source: Daniel Kaufmann and Shan-Jin Wai. 1998. "Does 'Grease Money' Speed Up the Wheels of Commerce?" paper presented at the annual meeting of the American Economic Association, Chicago, January.

Note: The use of the Global Competitiveness Survey and Transparency International indices in no way constitutes official World Bank endorsement of their precise country ratings.

¹ Global Competitiveness Survey, 1997.

preventive care). It pushes firms underground (outside the formal sector), **undercuts** the state's ability to raise revenues, and leads to ever-higher tax rates being levied on fewer and fewer taxpayers. This, in turn, reduces the state's ability to provide essential public **goods**, including the rule of law. A vicious **circle** of increasing corruption and underground economic activity can result

- Bribery is unfair. It **imposes** a regressive tax that falls particularly heavily on trade and service activities undertaken by small **enterprises**.

- Corruption undermines the state's legitimacy.

Some **observers** have argued that bribery can have positive effects, under certain circumstances, by giving firms and **individuals** a means of avoiding burdensome regulations and ineffective legal systems. But this argument ignores the enormous **discretion** that many politicians and bureaucrats have (particularly in corrupt societies) over the creation and interpretation of counterproductive regulations. Instead of corruption **being** the "grease" that lubricates the "squeaky wheels" of a rigid administration, it **fuels** the growth of excessive and **discretionary** regulations. The argument that bribery can enhance **efficiency** by cutting down on the time needed to process permits is also questionable. The

possibility of bribery may be what causes the process to slow down in the first place.

Available empirical evidence refutes the grease and "**speed money**" arguments by showing a positive relationship between the extent of **bribery** and the amount of time that enterprise managers spend with public **officials**. Responses from more than 3,000 firms in 59 countries surveyed in the World Economic Forum's Global Competitiveness Survey for 1997 indicate that **enterprises** reporting a greater incidence of bribery also tend-even after taking firm and country **characteristics** into account-to spend a **greater** share of management time with bureaucrats and public officials negotiating **licenses**, permits, signatures, and taxes (Chart 1). And the evidence also suggests that the cost of capital for firms tends to be higher where bribery is more prevalent. Further, there is no empirical evidence that "East Asia is **different**," as some people **argued during its years of high growth**: the same **relationship** between **bribery** and additional management time spent with officials applies there as elsewhere⁴

In any society, **there** should also be a core of laws and regulations that serve productive social objectives, such as building codes, environmental controls, and prudential banking sector regulations. The grease argument is particularly troublesome in this context, since bribes can override such

regulations and cause serious social harm, such as illegal logging of tropical rain forests or failure to observe building codes designed to ensure public safety. Bribers can also purchase monopoly rights to markets-as, for example, in the energy sectors in some formerly communist countries, where unprecedented amounts of grease payments buttress gigantic monopolistic structures. Filly, the- obscure insider lending practices and improper financial schemes inherent in poorly supervised financial systems have contributed to macroeconomic crises in Albania, Bulgaria, and-very recently-in some countries in East Asia.

Corruption's complex causes

Corruption is widespread in developing and transition countries, not because their people are different from people elsewhere but because conditions are ripe for it. The motivation to earn income is extremely strong, exacerbated by poverty and by low and declining civil service salaries. Furthermore, risks of all kinds (such as illness, accidents, and unemployment) are high in developing countries, and people generally lack the many risk-spreading mechanisms (including insurance and a welldeveloped labor market) available in wealthier countries.

Not only is motivation strong, but opportunities to engage in corruption are numerous. Monopoly rents can be very large in highly regulated economies, and, as noted previously, corruption breeds demand for more regulation. Further, in transition economies, economic rents are particularly large because of the amount of formerly state-owned property that is essentially up for grabs. The discretion of many public officials is also broad in developing and transition countries, and this systemic weakness is exacerbated by poorly defined, ever-changing, and poorly disseminated rules and regulations.

Accountability is typically weak. Political competition and civil liberties are often restricted. Laws and principles of ethics in government are poorly developed, if they exist at all, and the legal institutions charged with enforcing them are ill-prepared for this complex job. The watchdog institutions that provide information on which detection and enforcement is bad-such as investigators, accountants, and the press-are also weak. Yet strong investigative powers are critic& because the two parties to a bribe often both benefit, bribery can be extremely difficult to detect. Even if detection is possible, punishments

are apt to be mild when corruption is systemic-it is hard to punish one person severely when so many others (often including the "enforcers") are likely to be equally guilty. And the threat of losing one's government job has only a limited deterrent effect when official pay is low.

Filly, certain country-specific factors, such as population size and natural resource wealth, also appear to be positively linked with the prevalence of bribery.

Creating political will

Understanding what makes powerful politicians do what they do, and which interests they represent, is of paramount importance in addressing the corruption problem. Finding pockets of political support is crucial; even in countries where corruption is endemic, there are likely to be some reform-minded decision makers whose constituencies will support reform to further the country's broader interests. And particular windows of opportunity may open up when there is a change in regime or in individual leadership, or when there is a crisis. When such special opportunities are absent, though the necessary political will may still be generated-albeit more slowly-by efforts to enhance public awareness and mobilize constituencies of civil society to support anticorruption efforts.

Constructive pressure and assistance from abroad is certainly not decisive, but it can help. International organizations and donor groups can help to focus countries' attention on corruption and support reformists in government and civil society more generally. Furthermore, the post-cold war move to a more integrated world economy has opened many countries up to greater international scrutiny. Countries compete for both foreign direct investment (FDI) and international portfolio investment and foreign investors value stability, predictability, and honesty in government. Evidence is emerging that corruption imposes a significant "tax" on FDI in all regions of the world, including East A&.

Tackling corruption

Even if they acknowledge many of the costs of corruption, skeptics question whether fighting it is worth the bother. The "fatalist" camp often points out the dearth of successes in anticorruption drives and remarks that it took more than a century for England to bring corruption under control. But Hong Kong SAR and Singapore,

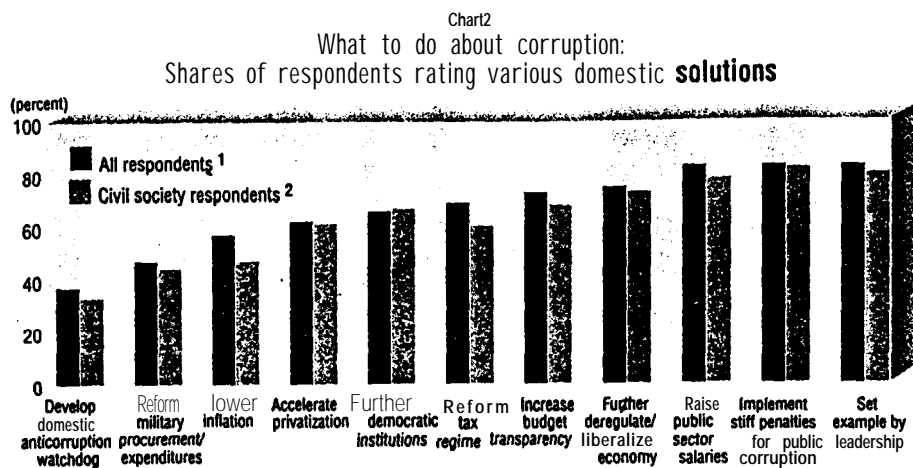
for example, have shifted reasonably quickly from being very corrupt to being relatively clean. Botswana has been a model of propriety for decades. Chile has performed well for many years, and Poland and Uganda have recently made some progress toward controlling corruption.

What are the most common features of these successes? Anticorruption watchdog bodies, such as the Independent Commission Against Corruption in Hong Kong and smaller corruption-fighting institutions in Botswana, Chile, Malaysia, and Singapore, are often credited with much of the progress. In contrast, the broader economic and institutional reforms that have taken place simultaneously have not received sufficient credit. The government that came to power in Uganda in 1986 implemented a strategy encompassing economic reforms and deregulation, civil service reform, a strengthened auditor general's office, the appointment of a reputable inspector general empowered to investigate and prosecute corruption, and implementation of a public information campaign against corruption. Botswana is an example of a country with sound

"corruption and lack of economic and public sector reform go hand in hand, with causality running in both directions."

economic and public sector management policies that, once instituted, led to honest governance early on; its success has not been principally derived from the more recent advent of its anticorruption department.

Surveys of public officials and members of civil society in emerging economies may provide a useful perspective here as well: most respondents did not think highly of anticorruption watchdog bodies, rating their effectuality the lowest on a list of possible anticorruption measures (Chart 2). To be credible, they felt, such watchdog bodies needed to be created in a political environment characterized by honest leadership, insulation of civil servants from political interference, and revamped incentives that discouraged corruption otherwise, such bodies could easily be rendered useless or, worse, misused for political gain. The respondents emphasized the importance of economic liberalization and budgetary, tax, and regulatory reforms,



Source: Daniel Kaufmann, 1997, 'Corruption: The Facts,' *Foreign Policy*, No. 107 (Summer), pp. 114-31.

¹ Civil society respondents plus public officials.

² Private entrepreneurs, NGO staff members, and parliamentarians.

soundly rejecting the notion that such reforms fuel corruption.

In fact, survey respondents support the notion that corruption and lack of economic and public sector reform go hand in hand, with causality running in both directions. They thought their countries should have made more progress in implementing broad reforms and indicated that **corruption** and vested financial interests were key reasons for their slow progress. Respondents also brought up the challenges posed by international responsibility for part of the corruption experienced by many countries. While emphasizing first and foremost the domestic causes of corruption, many also indicated that bribery by foreign firms played a significant role. They thought that OECD member states should enforce anti-bribery legislation abroad and that international institutions should make curbing corruption a priority when providing assistance to their member countries.

In sum, corruption is a symptom of fundamental economic, political, and institutional causes. Addressing corruption effectively means tackling these underlying causes. The major emphasis must be put on **prevention**—that is, on reforming economic policies, institutions, and incentives. Efforts to improve enforcement of **anticorruption** legislation using the police, ethics offices, or special **watchdog** agencies within government will not bear fruit otherwise.

The following are only some of the major economic policy changes that will unambiguously reduce opportunities for **corruption**: lowering tariffs and other barriers to international trade; unifying market-determined exchange rates and interest rates; eliminating enterprise subsidies; minimizing regulations, licensing require-

ments, and other barriers to entry for new firms and investors; demonopolizing and privatizing government assets; and transparently enforcing prudential banking regulations and auditing and accounting standards. The reform of government institutions may include civil service reform; improved budgeting, financial management, and tax administration; and strengthened legal and judicial systems. Such reforms should involve changing government structures and procedures, placing greater focus on internal competition and incentives in the public sector, and strengthening internal and external checks and balances. As a complement to these broader reforms, the careful and transparent implementation of enforcement measures, such as prosecuting some prominent corrupt figures, can also have an impact.

A comprehensive list of all possible anti-corruption measures might include many not mentioned above. Emphasis should be placed on selecting the key measures to be implemented, in line with a country's implementation capabilities, during the first and subsequent stages of an anticorruption campaign. The entrenched nature of systemic corruption requires boldness in implementation-increment&m is unlikely to work. Since windows of opportunity to take action against corruption have recently opened up in many countries, reformers will want to move quickly beyond the general first principles usually listed in the literature on corruption and instead demand practical, country-specific advice. After careful country assessments are prepared, specific policy and institutional advice will need to be provided. For instance, technocratic lessons are beginning to emerge as to how different privatization

methodologies may contain greater or lesser opportunities for corruption, how the strengthening of banking regulations needs to reflect the particular lessons the country has learned about dealing with perverse political influences, and how specific innovations in procurement and bidding methods can reduce opportunities for corruption.

Finally—and perhaps of fundamental importance for the next stage of both research on, and action against, corruption—practitioners need to search for the information gathering and dissemination methods that can have the quickest and most direct impacts. The Bangalore (India) NGO scorecard method, whereby users rated local service-providing agencies, has already resulted in firings of officials, improved

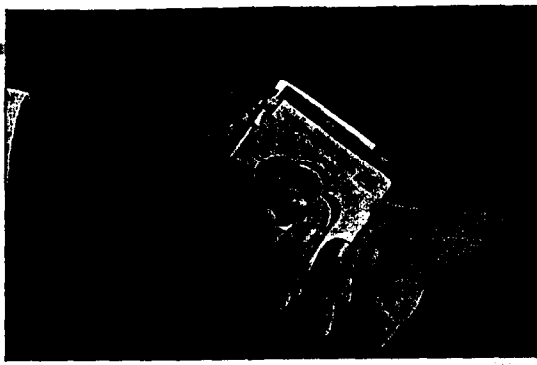
service delivery, and a decreased incidence of bribery. Gathering data and publicizing the vastly different costs of publicly provided school lunches in various localities within a country have brought about government reforms not only there but also in other localities. The existence of a free press is of paramount importance. Both the introduction and the continuance of restrictive libel laws protecting politicians and public officials must be opposed to safeguard citizens' freedoms of expression and information. Indeed, however difficult and imperfect gathering data and disseminating information about corruption are, and will continue to be, the importance of these activities cannot be overstated. Secretiveness has helped elites and politicians keep corrupt practices under wraps in many countries. Careful analysis, presentation, and dissemination of data can be very effective in raising general awareness, creating momentum for reforms, and furthering our limited understanding of what does and does not work in efforts to control corruption. [F&D]

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Corruption: Causes, Consequences, and Agenda for Further Research

PAOLO MAURO

What do we know about corruption, how do we know it, and what steps do we need to take to improve our understanding of corruption and enhance governments' effectiveness in combating it?

OVER THE LAST few years, the issue of corruption—the abuse of public office for private gain—has attracted renewed interest, both among academics and policymakers. There are a **number** of reasons why this topic has come under fresh scrutiny. Corruption scandals have **toppled** governments in both major industrial countries and developing countries. In the transition countries, the shift from command economies to free market economies has created massive opportunities for the appropriation of rents (that **is**, excessive profits) and has often been **accompanied** by a change from a **well-organized** system of **corruption** to a more chaotic and deleterious one. With the end of the cold war, donor countries have placed less emphasis **on political considerations** in allocating foreign aid among developing countries and have paid more attention to cases in which aid funds have been misused and have not reached the poor. And slow economic growth has persisted in many

countries with malfunctioning institutions. This renewed interest has led to a new flurry of empirical research on the causes and consequences of corruption.

Economists know quite a bit about the causes and consequences of corruption. An important body of knowledge was acquired through theoretical research done in the 1970s by Jagdish Bhagwati, Anne Krueger, and Susan Rose-Ackerman, among others (Mauro, 1996). A key principle is that corruption can occur where rents **exist**—typically, as a result of government regulation—and public **officials** have discretion in allocating them. The classic example of a government restriction resulting in rents and rent-seeking behavior is that of an import quota and the associated licenses that civil servants give to those entrepreneurs willing to pay bribes.

More recently, researchers have begun to test some of these long-established theoretical hypotheses using new cross-country **data**. Indices produced by private rating agencies grade **countries** on their levels of corruption, typically using the replies to **standardized** questionnaires by consultants living in **those** countries. The replies are subjective, but the correlation between indices produced by different rating agencies is very **high**, suggesting that most **observers** more or less **agree** on how corrupt countries seem to be. The high prices paid to the rating agencies by their customers (usually multinational companies and international banks) constitute indirect evidence **that** the information is valuable.

These indices are obviously imperfect owing to their subjective nature, but can yield useful insights.

Causes of corruption

Since the ultimate source of rent-seeking behavior is the **availability** of rents, corruption is likely to occur where restrictions and government intervention lead to the presence of such excessive profits. Examples include trade restrictions (such as tariffs and import quotas), **favoritist** industrial policies (such as subsidies and tax deductions), price controls, multiple exchange rate practices and foreign exchange allocation schemes, and **government-controlled** provision of credit. **Some** rents may arise in the absence of **government** intervention, as in the case of natural resources, such as oil, whose supply is **limited** by nature and whose extraction cost is **far** lower than its market price. Since abnormal profits are available to those who extract oil, officials who **allocate** extraction rights **are** likely to be offered bribes. Filly, one would expect that corruption is more likely to take place when civil servants **are** paid very low **wages** and often must resort to collecting bribes in order to feed their families.

While all of the hypotheses described above are empirically testable, in the sense that data are available for **that** purpose, only a few have actually been **tested**. What empirical studies have been done support certain hypotheses: namely, that there is less corruption where there are fewer trade **restrictions**; where governments do not

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engage in favoritist industrial policies; and perhaps where natural resources are more abundant; and that there is somewhat less corruption where civil servants are paid better, compared with similarly qualified workers in the private sector (Van Rijckeghem and Weder, 1997).

Consequences of corruption

From economic theory one would expect corruption to reduce economic-growth by lowering incentives to invest (for both domestic and foreign **entrepreneurs**). In cases where entrepreneurs are asked for bribes before enterprises can be started, or corrupt **officials** later request shares in the proceeds of their investments, corruption acts as a tax, though one of a particularly pernicious nature, given the need for secrecy and the uncertainty as to whether bribe takers will live up to their part of the bargain. Corruption could also be expected to reduce growth by lowering the quality of public infrastructure and services, decreasing tax revenue, causing talented people to engage in rent-seeking rather than productive activities, and distorting the composition of government expenditure (discussed below). At the same time, there are some theoretical counter-arguments. For example, it has been suggested that government employees who are allowed to exact bribes might work harder and that corruption might help entrepreneurs get around bureaucratic **impediments**.

One specific channel through which corruption may harm economic performance is by distorting the composition of **government** expenditure. Corrupt politicians may be expected to spend more public resources on those items on which it is easier to exact large bribes and keep them secret—for example, items **produced** in markets where the degree of competition is low and items whose value is difficult to monitor. Corrupt politicians might therefore be more inclined to spend on fighter aircraft and large-scale investment projects than on textbooks and teachers' **salaries**, even though the latter may promote economic **growth** to a greater extent than the former.

Empirical evidence based on cross-country **comparisons** does indeed suggest that corruption has **large**, adverse effects on private investment and economic growth. Regression analysis shows that a country that improves its standing on the corruption index from, say, 6 to 8 (0 being the most corrupt 10 the least) **will** experience a 4 percentage point increase in its investment rate and a 0.5 percentage point increase in its annual per capita GDP growth rate

(**Mauro**, 1996). These large effects suggest that policies to curb corruption could have significant payoffs. The association between corruption and low economic growth remains broadly unchanged when estimated for a group of countries with *extensive* red tape. Therefore, there is no support for the **claim** that corruption might be beneficial in the presence of a slow bureaucracy. The most important channel through which corruption reduces economic growth is by lowering private investment, which accounts for at least one-third of corruption's **overall** negative effects. At the same time, the remaining **two-thirds** of the overall negative effects of corruption on economic growth must be felt through other channels, including those mentioned above. While it is difficult to disentangle those other channels, there is some evidence that one of them—the distortion of government expenditure—plays a significant role.

Based on cross-country comparisons, it seems that corruption alters the composition of government expenditure: specifically, corrupt governments spend less on education and perhaps health, and probably more on public investment. Regression analysis shows that a country that improves its standing on the corruption index from 6 to 8 **will** typically raise its spending on education by $\frac{1}{2}$ of 1 percent of GDP, a considerable impact. This result is a matter for concern, because there is increasing evidence that educational attainment **fosters** economic growth.

Of course, empirical results related to a phenomenon that is, by its very nature, difficult to measure must be treated with a high degree of caution. Two issues that merit special attention in this context are **those** of causality and the possible role of other forms of institutional **inefficiency**.

Why do countries judged to be corrupt experience slow economic growth? Is it that corruption harms growth or simply that low growth leads consultants to give bad corruption grades to a country? To deal with this issue, one can take variables (such as a country's colonial history or the extent to which its population is divided along **ethnolinguistic** lines) that happen to be correlated with corruption but have no **effect** on economic growth or government **spending other than through** their impact on the **efficiency** of institutions, and use them as instrumental variables in the regression analysis. Through this statistical trick, it is possible to get around problems relating to the subjectivity of the corruption indices, and it can be **shown** that corruption—together with other **forms**

of institutional **inefficiency**—**causes** low economic growth.

Corruption is most prevalent where there are other forms of institutional inefficiency, such as political instability, bureaucratic red tape, and weak legislative and judicial systems. This raises the question of whether it can be established that corruption, rather than other factors correlated with it, is the cause of low economic growth. Regression analysis provides some evidence that if one controls for other forms of institutional inefficiency, such as political instability, corruption can still be shown to reduce growth. Nevertheless, it is hard to show conclusively that the cause of the problem is corruption alone, rather than the institutional weaknesses that are closely associated with it. The truth is that probably all of these weaknesses are intrinsically linked, in the sense that they feed upon each other (for example, red tape makes corruption possible, and corrupt bureaucrats may increase the extent of red tape so they can extract additional bribes) and that getting rid of corruption helps a country overcome other institutional weaknesses, just as reducing other institutional weaknesses helps it curb corruption.

Agenda for further research

While there is a well-established body of theoretical knowledge, as well as some tentative **results** on the causes and consequences of corruption, several more questions need to be answered to enable governments to design 'effective policies aimed at curbing corruption.

If the costs of corruption are so high, why don't governments get rid of it? A possible answer is that once a corrupt system is in place, and a majority of people operate **within** that system, individuals have *no* incentive to try to change it **or to refrain from taking part in it, even if everybody** would be better off if corruption were 'to be eliminated. Consider the following examples:

- You live in a society where everybody steals. Do you choose to steal? The **probability** that you will be caught is **low, because the police** are very busy chasing other **thieves**, and, even if you do get caught, the **chances of your being punished severely for a crime** that is so common are **low**. **Therefore, you too steal**. By contrast, **if you** live in a society where **theft** is rare, the chances of your being caught and punished are **high**, so you choose not to steal.

- You are a new junior civil servant in an administration where everybody, including your superiors, is very corrupt. Somebody

offers you a bribe to help him avoid paying taxes. You decline the offer. A few hours later, you receive a telephone call from your boss, who would have liked a cut of your bribe. Your boss suggests that if you treat a friend nicely (by accepting the bribe), you may be promoted while if you don't, you will be transferred to a remote provincial office. You then take the bribe and share it with your boss and colleagues. If, instead, the administration in which you work is very honest, you are **likely** to behave honestly to avoid the risk of being fired.

Individuals A and B are members of the same government. Suppose, on the one hand, that A is very corrupt and has established a private bribe-collection system for her own gain. The need to pay substantial bribes reduces entrepreneurs' incentives to invest and imposes a significant burden on economic growth. Citizens realize that economic growth is being harmed by the corrupt government, though they may not know exactly who is soliciting bribes. Therefore, they decide not to reelect the government. This shortens B's horizon, making him more inclined to extract a large proportion of current output and to disregard any ensuing adverse effects on future output. In other words, B will seek to obtain a large slice of the cake today since he knows that the government that he participates in will soon be ousted. On the other hand, following a similar line of reasoning, if A does not collect bribes, then B will also refrain from doing so.

The last example may provide an explanation not only for the persistence of corruption but also for the empirical **observation** that, on average, countries that are more corrupt tend to be more politically unstable. It also suggests that both corruption and political **instability** may result from the failure of members of the same government or ruling elite to coordinate their actions. In that sense, corruption and political instability may be two sides of the same coin. This example may fit the cases of countries that are bedeviled by **frequent coups** whereby corrupt regimes succeed one another. At the same time, it does not **explain** a number of other relevant **cases**, such as those of dictators who have remained in power for many years by allowing their supporters to collect large bribes, or those of governments formed by groups of individuals who **have** been able to agree on bribe levels that are high, but not so high as to cause them to be ousted.

All of the above examples show that once corruption has become ingrained, it is very difficult to get rid of. As a result, corruption tends to persist, together with its adverse consequences. This leads to an important policy conclusion, which is consistent with international experience **over** the past few decades. Attempts to eliminate corruption tend to succeed when reforms are undertaken in a very sudden and forceful manner and are supported at the highest levels of government. However, an equally relevant question is what characteristics make countries more **likely** to fall into a high-corruption, low-growth trap.

Corruption breeds poverty, but does poverty breed corruption.⁷ One striking empirical finding is that poorer countries are usually considered to be more

"Corruption and political instability may be two sides of the same coin."

corrupt. This result must be treated with caution, since it may well be driven by the observers' perceptions. However, if one assumes for a moment that this finding reflects a genuine correlation, it may be useful to explore its sources. We have seen that there is evidence that corruption lowers economic growth, thereby breeding poverty over time. At the same time, poverty itself might cause corruption, perhaps because poor countries cannot devote sufficient resources to setting up and enforcing an **effective** legal framework, or because people in need are more likely to abandon their moral principles. Researchers have begun to analyze the link between civil servants' wages and the extent of corruption. It has been suggested that reasonable wages are a **necessary** condition for avoiding corruption, though not a sufficient one.

Which forms of corruption are worse? Available indices of corruption are general and do not distinguish between high-level corruption (such as kickbacks **paid to a defense minister in exchange for** his country's purchase of expensive jet fighter **aircraft**) and low-level corruption (such as petty bribes paid to a junior civil servant for expediting the issuance of a driver's license). **Nor do they** distinguish between well-organized corruption and chaotic corruption (When corruption is well organized the required amount and **appropriate** recipient of a bribe are well known, and payment guarantees that the

desired favor will be obtained). Therefore, we still do not know which kinds of **corruption** are more deleterious and should be tackled first. Country-specific studies and anecdotal evidence suggest that high-level and low-level corruption tend to coexist and reinforce each other. Thus, this distinction may not be relevant. On the other hand, the distinction between well-organized corruption and chaotic corruption may be **more** relevant, since a fairly convincing theoretical case can be made that the latter has **worse** effects than the former.

Under a well-organized system of corruption, entrepreneurs know whom they need to bribe and how much to offer them, and are confident that they will obtain the necessary permits for their **firms**. It has also been argued that well-organized corruption is less harmful because, under such a system, a corrupt bureaucrat will take a clearly defined share of a **firm's** profits, which gives him an interest in the success of the firm. In contrast, under chaotic corruption, entrepreneurs may need to bribe several

officials, with no guarantee either that they will not face further demands for bribes or that the permits they seek will actually be delivered. In addition, if multiple agents request bribes from the same entrepreneur without coordinating bribe levels among themselves, they are **likely** to make excessive demands, with the result that entrepreneurial activity comes to a halt. While chaotic corruption seems a priori to be more deleterious than well-organized corruption, there is currently little empirical data available to test **this** hypothesis.

What is being done, and what else could be done? Many countries and institutions have paid increasing attention to the problem of corruption, and the debate on possible policy options is still ongoing. In deciding how to allocate aid funds, some donor countries have begun to give more importance to recipient countries' actions to curb corruption. Member countries of the **Organization for Economic Cooperation and Development** have acted to **criminalize** the bribery of foreign public officials. International institutions, which have always played an important **role** in reducing the scope for corruption, are now giving more prominence to the issue. For **example**, the **IMF** has always encouraged countries to liberalize their economies (for example, by **eliminating** trade **restrictions**), terminate off-budget operations, and **ensure** budget transparency. The guidelines on governance, which were approved by the **IMF's**

Executive Board in August 1997, formalize the IMF staff's involvement in such tasks

An example of the remaining challenges. One of the most difficult policy issues is how to prevent corruption from distorting government expenditure. This important issue goes to the heart of donors' concerns about the possible misuse of aid funds. Donors find it difficult to ensure that aid funds are spent wisely, because resources are fungible. For example, a donor may give aid funds to enable the recipient country to build a school, which the recipient may indeed use for that purpose; however, the availability of aid funds to build the school makes it possible for the recipient to use the resulting savings to buy sophisticated weapons, whose purchase may provide more scope for illegally diverting funds into individuals' pockets than school construction could. How should this problem be addressed? Clearly, donor countries should pay attention to the overall composition of government spending and not focus narrowly on how their own funds have been spent, but many donors may not have sufficient resources to do this. One possible approach that has been suggested is to have an international institution monitor the overall composition of government expenditure, as

a service to both the recipient country's citizens and the donor community. This approach would not, however, be easy to implement. Recipient countries would probably resist attempts by the rest of the world to play a role in determining the composition of their public spending. In addition, as a practical matter, it may be difficult to ensure that spending items are not simply relabeled, with no real improvement in the composition of government expenditure.

How should policy effectiveness be assessed over the next decade? We have a reasonable theoretical understanding of the causes and consequences of corruption, and have begun to get a sense of the extent of these relationships through empirical research. A consensus is emerging that corruption is a serious problem, and several bodies in the international arena have begun to take policy measures to curb it. At the policy level, although we may still be at the stage of learning by doing, action is being taken. It is important to ensure that ten years from now, we can look back on today's focus on corruption and observe that some concrete results were attained in this domain. To that end, those bodies that are taking action against corruption ought to establish criteria to evaluate their policies. Each entity would need to devise its

own evaluation criteria, and it should do that now, so that the effectiveness of its policies can be assessed accurately and fairly over the next decade.

The need to define "concrete results" might appear to be a tall order in an area where quantification is difficult. A place to begin, however, could be the well-established body of knowledge on the causes of corruption. For example, efforts to curb corruption could be assessed on the basis of how effective they were in bringing about the implementation of policies known to reduce corruption, such as the elimination of government restrictions that create rents. [F&D]

Suggestions for further reading:

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World Bank Spurs Fight Against AIDS— *The Daily Telegraph*

AIDS Surge is Forecast for China, India, and Eastern Europe —*New York Times*

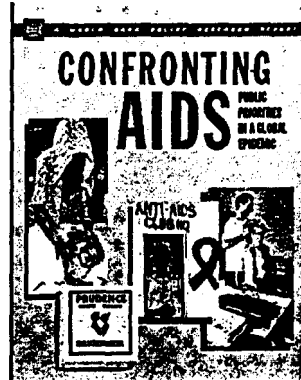
These are just two of the headlines that appeared worldwide upon release of the World Bank's largest report to date on the growing global AIDS crisis. The report, *Confronting AIDS: Public Priorities in a Global Epidemic*, addresses this devastating disease from the perspective of government policymakers in developing countries—policymakers outside the health sector—who shape and finance national efforts to combat the epidemic.

Confronting AIDS addresses an overarching question: Given the limited public resources in developing countries, which measures for confronting the epidemic should be public priorities? The report is the product of 18 months of research—with extensive support from UNAIDS and the European Commission—and contains a wealth of information and statistics that you cannot afford to ignore. *Confronting AIDS* can now be yours for only \$30.00 plus shipping and handling by ordering directly from the World Bank. Please see below for ordering information.



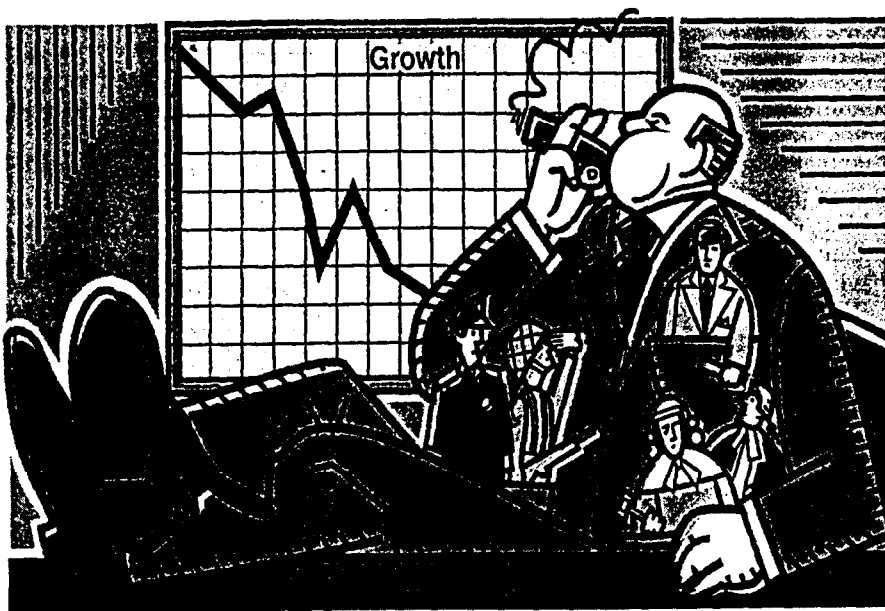
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HONEST TRADE



A global war against bribery

(2)

Has at last been declared. Victory, alas, is by no means certain

WHEREVER you look these days, there are headlines about the curious way in which some people use other people's money. The European Parliament has stirred itself to take a serious look at the sleaze which goes on under the European Commission's too often undiscerning nose. Some of the locals who were keen that the 2002 Winter Olympics should take place in Salt Lake City are accused of having used bribery to get their way. On a rather larger scale, the question of how on earth Indonesia's President Suharto had piled up so much wealth was one of the chief causes of the demonstrations that pushed him out of power last year. Several thousand miles away, on another continent, Zimbabwean students caught the point and put the same question to their own leaders. "If Indonesian students did it we can do it," read one of their placards.

In the 1990s alone, governments in Italy, Brazil, Pakistan and Zaire have fallen partly because the people they governed would no longer tolerate the corruption of politicians. It is not the first time that the people have mutinied. Imelda Marcos's amazing shoe collection enraged Filipinos in the early 1980s every bit as much as the

high living of Mr Suharto's children infuriated Indonesians. But a concerted attempt to bring corruption under control has at last become possible because the indignation of ordinary people has been reinforced by an alliance of aid donors, lawmakers and businessmen who had previously (at best) just wrung their hands.

This alliance has come into being at least partly because the crises that have laid low economies from Indonesia to Russia in the late 1990s were to some extent caused by a corrupt form of capitalism which diverted resources from economically well-founded enterprises to those that were merely well-connected. For the first time, there is a campaign to treat corruption as a global problem about which, perhaps, something can be done.

There are three reasons for being mildly hopeful. One is that, to the extent that corruption is the abuse of public office for private gain, its perpetrators have one foot in the legitimate world; they are thus within reach of incentives or threats—such as removal from office—that may persuade them to change their ways. Another is a dawning realisation that, since corruption usually creates inefficiency, corrupt coun-

tries tend to lose out in the global competition for capital and aid; bankers and businessmen bruised by collapsing economies now demand more than a minister's blessing before they risk their money. Above all, perhaps, corruption is now an issue that brings the crowds out on to the streets. For once, protesters in Jakarta or Harare or wherever are on the same side as the IMF.

Economists to the rescue

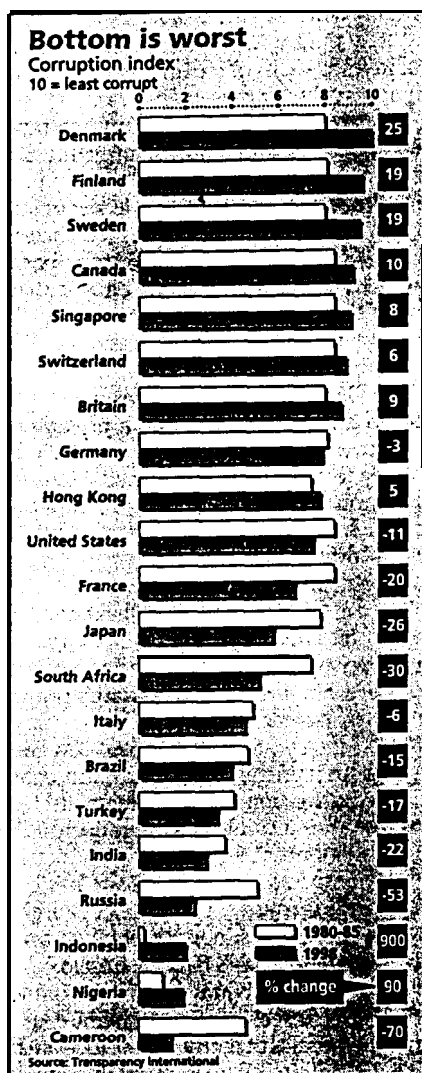
A few years ago, the protesters on the street were on their own. To dispensers of aid and writers of global rules, the case for resisting corruption looked weak.

Countries like Thailand and South Korea may have been riddled with graft; their economies powered ahead regardless. Italy's corruption did not stop it from drawing level with relatively virtuous Britain in GDP per head. And, in states which suppressed the normal workings of the market, bribery could sometimes seem to be a blessing; it could release goods trapped at the border by a corrupt customs officer, or set a price for a service the government had foolishly offered for free. Some economists distinguished between good and bad corruption. Small "grease payments" to prod a slothful bureaucrat were thought acceptable; paying off a minister to approve a white-elephant project was not.

Some innocent westerners were reluctant to feel puritanical about practices they assumed to be a necessary part of the fabric of other cultures. A professor of marketing, writing in a 1986 edition of the Harvard Business Review, said that in Asia and Africa societies form networks of mutual obligation. To western businessmen he advised tolerance: "Non-western colleague who seek pay-offs may have concerns beyond their personal enrichment . . . They may feel that these requests are not only for themselves but also a means to aid much larger groups and ultimately their nation."

Such tolerance is now under fierce attack. Its discrediting began at the end of the cold war, when a spot of bribery ceased to look like an acceptable means of keeping a useful man on your side. It gathered pace as evidence mounted of corruption's sometimes staggering cost.

A flurry of recent studies has shown that corruption, as measured by indices published by corruption-fighting groups like Transparency International, is closely connected to economic malpractice. A pioneering 1995 paper by Paolo Mauro, an economist at the IMF, showed that countries with a lot of corruption have less of their GDP going into investment, and lower



growth rates. His later work has suggested that corrupt countries invest less in education, which pays big economic dividends but small bribes, than clean countries do. Shang-jin Wei, a Harvard economist, argues that corruption acts as a tax on foreign direct investment: "An increase in the corruption level from that of Singapore to that of Mexico is equivalent to raising the tax rate by over 20 percentage points."

To be sure, economists still discriminate between various types of corruption; but they are slower now to argue that any of them is good. The World Bank in 1997 said that where corruption is predictable—that is, where the briber knows what he has to pay and can be sure of getting what he pays for—it harms investment less than where it is capricious. Even so, said the Bank firmly, "no matter how high the degree of predictability of corruption in a country, its rate of investment would be significantly higher where there is less corruption."

What about the argument that corruption at least offers a way of escape from crushing regulations and obstructive bureaucracy? Rubbish, say the anti-corruption

crusaders. Bribery gives officials an incentive to create red tape; and corrupt officials, like blackmailers, raise the price of releasing their victims. A 1996 study found that, the more Ukrainian businessmen paid in bribes, the more time they then spent with palms-out bureaucrats.

It all takes a giant toll. In Albania, businesses pay in bribes an average of 8% of their turnover, about a third of their potential profits. In Indonesia *pungli*, the payments that enterprises make to keep bureaucrats off their backs, add up to about a fifth of total operating costs. All this generates vast incomes for politicians. According to one estimate, African leaders not long ago had \$20 billion on deposit in Swiss banks alone. German businesses are reckoned to pay more than \$3 billion a year all told to win contracts abroad. In the international arms trade, probably the world's dirtiest legitimate business, one estimate reckons that roughly \$2.5 billion a year is paid in bribes, nearly a tenth of turnover.

Wreckers v rescuers

If that were the worst of it, corruption might still seem survivable. But lately it has contributed to a string of spectacular economic shipwrecks. Consider Bulgaria.

As in many other ex-communist countries, Bulgaria's factory bosses saw the advent of the free market as an opportunity for plunder. They paid too much for raw materials, and charged too little for finished goods. To cover their losses, they borrowed from the banks. The government of barely reformed communists, itself up to its neck in shady business dealings, winked at the stripping of the banks. But then ordinary Bulgarians, who could see where this was leading, started pulling their money out of the banks. The central bank, which was simultaneously battling a loss of confidence in the currency, created liquidity to bail out the banks, then soaked it up to prop up the currency. Disaster was averted only because the government called an election in April 1997, and lost it; the newly elected reformers made a corruption-crackdown one of their top priorities.

Bulgaria is not the only place where corruption has misdirected resources on a catastrophic scale. Under the rule of Sani Abacha, who died last year, Nigeria's leaders damaged the state's oil refineries so much that the world's 11th-biggest oil exporter found itself importing fuel (to the profit of the president and his mates). The crises that have hit so many Asian economies were caused at least in part by cronyism: projects were approved and finance was provided not because the market called for it, but just to gratify some minister's son-in-law. And how much better-off Russia would be if its leading capitalists had not exploited the advent of capitalism to plunder the state.

The pillage will go on so long as potentates can hold bribers to ransom. But the ransoming habit is challenged by two new developments. First, western-based multinational companies are being required by western governments to work together to limit the amount of bribery they do. Second, international financial institutions such as the World Bank and the IMF are increasingly linking the aid they offer to poor countries to those countries' willingness to provide "good governance".

The multinationals' involuntary cartel has its origin in America's 20-year-old Foreign Corrupt Practices Act, which made it a criminal offence for American companies to bribe foreign officials. Of course, this put American businessmen at a sharp disadvantage. In one year they lost \$15 billion in orders to firms from countries that allow bribes, America's Commerce Department claimed in 1997.

So now the United States has got all the rich countries to agree to play by roughly the same rules. A "bribery convention" signed by all 29 members of the OECD, which between them account for the bulk of world trade, plus five non-members (including Bulgaria), requires the signatories to make it a crime to bribe any foreign official to win or retain business or for any other "improper advantage". Enough countries have now ratified the convention for it to take effect next month.

There have been the predictable smiles of weary cynicism. Although under America's anti-bribery law the penalties can be fearsome (multi-million-dollar fines and jail terms), only one case a year on average has actually been prosecuted. There are loopholes galore. Trips to Disneyland on fit expense accounts apparently pass muster; foreign subsidiaries can bribe, so long as their American headquarters are not in on it. And when the briber is a foreign agent—as he usually is—it can be desperately hard to pin the responsibility on him.

Some say the law merely encourages American firms to bribe more cleverly.



Such companies are more careful than most to insist that their agents make **no** bribery pledges and take commissions **"commensurate"** with their duties. Even so, an agent may offer a corrupt minister an 'attenuated quid pro quo', such as a share in another deal, in place **of** a direct bribe.

But the **OECD's** new rules may prove more **effective** than this. They require countries to help each other prosecute cases; since each country has an interest in preventing the others from stealing an advantage by bribery; they will all **want** to monitor each other's adherence to the new convention. Encouragingly, there are signs that some non-American businesses are acquiring the anti-bribery instinct. Shell, an oil company, is looking **for** ways to link its employees' pay to the zeal with which they carry out the company's ethics code. **Unilever**, a big consumer-products firm, pulled out of Bulgaria rather than pay bribes. Now that the **OECD's** governments are promising to punish cheaters, more companies may choose honesty.

Virtue is **also** efficient

Not long ago, the World Bank and the **IMF** would have said that fighting corruption was somebody else's business. No longer. The economic consequences of corruption have become **too** glaring for them to ignore. Fighting graft, they now **realise**, dovetails neatly with their basic business. Cutting regulation, **liberalising** trade and freeing exchange rates are all ways both to pep up an economy and to shut down avenues for corruption. And limiting corruption also saves them money: a World Bank memo has said that **20-30%** of the Bank's lending to Indonesia may have gone into the pockets of local officials and their friends.

Now countries that refuse to mend their ways are being punished. The **IMF** stopped lending to Kenya; the World Bank reduced its commitments not only to Kenya, but to Nigeria as **well**. Countries that want bail-outs are being told to clean up their ways, and given help to do so. Indonesia is under pressure, in exchange **for** international help, to break up the monopolies that were milked by ex-President Suharto's family. Would-be reformers in various countries are being coached by teams of economists **on** how to clean up their **customs services**, their taxinspectorates and their judiciaries.

But there is still a big gap between **resolve** and results. Late as last October, the World Bank was finding that in Indonesia, "despite apparent compliance with World Bank guidelines and documentation requirements for procurement, disbursement, supervision and audits, there is significant leakage of Bank **funds**." Although the donors have made examples of Kenya and Nigeria, they are reluctant to punish any country less obviously compromised. Uganda got its biggest-ever aid donation

on the heels of allegations that corruption had derailed its privatisation programme—because, said the donors, it was at least trying to shape up.

Bribery will not be expunged from the face **of** the globe by the new honesty of multinational companies and the blandishments of international organisations. One problem is that some of the reforms urged on wayward countries are double-edged. Privatisation in Russia became an orgy of sweetheart deals. And when India and Taiwan devolved power from central to regional governments, to the applause of good-government advocates, the opportunities for bribe-collecting multiplied.

In many **of** the world's more corrupt countries, the distinction between private interest and public duty is still unfamiliar. Countries which have made graft the **exception** rather than the rule in the conduct of **public affairs**—as Britain and the United States did in the 19th and early **20th** centuries—have been helped by the possession of



institutions such **as** an independent judiciary, a free press, a well-paid civil service and, not least, an economy in which firms have to compete **for** customers and capital. It **takes** time for such institutions to put down roots. And, even when the roots are there, they do not provide a perfect protection against **slaeze**. The payment of cash in brown envelopes to parliamentarians, remember, helped to bring down Britain's **Conservative** government in 1997.

The few gleams of light

How many, of today's graft-ridden **governments** can build up the habits of mind that limit corruption, even if they do not **entirely** abolish it? So far, **few** have made it.

The only clear-cut recent successes have **been** Hong Kong and Singapore, both **city-states** which had **fairly** authoritarian governments when they launched their **anti-corruption** drives. A **few** other countries, including Italy and Uganda, have made inroads on corruption but have by no means

entirely destroyed the problem.

Italy purged its political class in the legal investigations of the early **1990s**, which dramatically improved its ranking in Transparency International's anti-corruption index. Yet it is far from completing the cleansing of the stable Silvio Berlusconi, a one-time prime minister, now leader of the opposition and still Italy's biggest media mogul, has twice been convicted of bribery. Uganda, under the relatively enlightened rule **of** Yoweri Museveni, has spent years on a drive to end corruption. Even so, Mr **Museveni's** brother and **defence** adviser, **Major-General** Salim Saleh, recently **resigned** amid allegations that a privatised bank over which he had influence had lent money to **firms** he partly owned. Uganda has improved its ranking in the corruption index, but remains below even Africa's pretty bleak average.

Most countries flail away to little **effect**. Many are the politicians who have sought power by appealing to popular indignation over corruption only to turn a blind eye once they have won it. Pakistan's prime minister, Nawaz **Sharif**, who is in office thanks largely to the charges **levelled** against his predecessor, Benazir Bhutto, has allowed a freedom-of-information decree to lapse, thus making it even less likely that Pakistan's journalists will expose the country's widespread corruption. Zaire has become little **if any** less corrupt since Laurent Kabila threw out Mobutu **Sese** Seko and changed the country's name to Congo.

Nor is popular indignation a reliable weapon against corruption. In **many** countries the politics of corruption is too much like the politics of resentment: the angry demonstrators rarely distinguish between the inequalities created by an honest system and those perpetuated by a corrupt one. **When** angry Indonesians exploded last year, they vandalised the businesses of ethnic Chinese entrepreneurs as well as those of Mr Suharto's cronies.

Yet despair would be wrong. Some of the blackest spots on the corruption map are turning paler. China's prime minister, Zhu **Rongji**, has made his country's generals, judges and top civil servants cut their ties with the world of business. In Nigeria, long considered the world's most corrupt country, Sani **Abacha's** successor has abolished the **dual** exchange **rate**, which the previous military rulers exploited to enrich themselves, and has begun awarding contracts to firms that **can** actually do the job.

In many other places, the war on **corruption** remains a slogan. But even a slogan is a start. And the war now deploys some powerful new battalions. If the World Bank, the **IMF** and the **OECD** are serious about winning the battle, they can make honesty part of the price of getting the **economic** help they are in a position to **offer**.

prehensible jargon designed, it would seem, to ensure that the masses are too befuddled to demand explanations, let alone a right of dissent. Maybe this will now start to change.

It should. The arrival of the **euro**, Europe's common currency, does not put an end to integration. Far from it; as the statement by Germany's foreign minister, Joschka Fischer, this week **made clear**. For many of those who have propelled the European project, economic and monetary union **has just** been a means to greater political **integration**. That objective is now coming nearer. If the euro succeeds, it is certain to pull the participants closer together. It will inevitably give rise to demands for political co-ordination to match the new **eco-**

nomie co-operation. And the expansion of the Union to take in new members will at **the same** time require more decisions to be made by some kind of majority vote rather than unanimously, as most often in the past. **All** of this adds to the need to develop democratic oversight.

That does not automatically mean the European Parliament should have more powers. In time, it may deserve them, when and if the Union's people show they would prefer to exercise their democratic rights at the European, rather than the national, level. **For now**, the parliament would be well advised to demonstrate that it can make wise use of the powers it has. This week it made a good start.

Stop the rot



A new treaty making bribery of foreign officials a criminal offence is just the beginning of the fight against corruption

WHAT sort of do-gooder would take up a campaign against corruption? Corruption, though it seems to be everywhere, is hard to define and has no definite antidote. To fight it is more like tilting at wind than at windmills.

Or so the conventional wisdom used to go. The past few years have seen a change. Economists have been totting up the terrible costs of corruption. **Organisations** like Transparency International have borrowed some of the passion that animates campaigns for human rights. And multilateral lenders like the World Bank and the IMF have joined the battle. Next month an international convention making the bribery of foreign public officials a **crime—the** first law to do so outside America goes into force (see pages 22-24).

This is a good start, but it is only a start. Corruption is too widespread and amorphous—too much like wind, in fact—to be defeated by a treaty or two. Some cases are cut and dried. A **\$1m** pay-off into a dictator's Swiss bank account **clearly** qualifies; so do smaller bribes to pettier officials. Yet the dictator is often too powerful to be punished, and his rotten underlings too numerous. Still greyer areas are nepotism and cronyism, the payment of commissions, presents to customers or suppliers, and so on. Isn't there even something a bit seedy about the way reviewers puff each other's books in Sunday papers?

A further difficulty is that, in some places, people have come to believe that corruption is the spawn of capitalism. In Russia, for instance, free enterprise is almost synonymous with criminality. In **fact**, liberal ideas can help dispel confusion about corruption and liberal economics is a good place to start fighting it. Liberalism begins with the assumption of equality: in public transactions, whether **before** a court or in the marketplace, no person or group should start with inherent **advantages** or disadvantages. Corruption **offends** that aim by injecting private preferences **into** public dealings. It cheats members of one group—taxpayers, shareholders or Sunday-supplement readers—and distributes the proceeds as spoils to a privileged group. Liberalism, by contrast, accords no privileges. The lowest price will be paid regardless of the seller, the best book touted regardless of the author. Far from discrediting liberalism, corruption is discredited by it.

To defeat corruption is to enforce the distinction between private preference and public duty wherever it is flouted.

Much of the task involves instructing institutions about their public duties and then giving them appropriate incentives. Bureaucrats should be reduced in number, but their pay temptation-thwartingly increased. Judges should be shielded **from** political influence, politicians **from** the lures that come with the need to pay for election campaigns. The best remedy may come not from judges but **from** information. Give people access to the **facts** that affect their welfare, and public servants may think twice about breaking their trust.

The new international consensus on corruption is a beginning. The **OECD's** convention is a worthy effort to stop "grand corruption" at its source—the multinational companies that bribe their way to contracts, mainly in poor countries. **All** 34 signatories should ratify it (only 12 have so **far**). Every other trading country should likewise make bribery a criminal **offence**. Lenders like the World Bank are cajoling governments, using aid not just to induce better behaviour but to pay for programmes to reform judiciaries and civil services. The market itself can help. Many a bribe is paid to see off a meddlesome bureaucrat or bend an annoying rule. Less meddling and fewer rules will mean less corruption.

The open society and its enemies

But cajoling by outfits like the World Bank will not achieve much unless the ordinary people most affected by corruption take up the fight themselves. Where this is happening, it is heartening. In the Indian state of Rajasthan, for example, a people's group holds public hearings on how money is spent by village governments, comparing official documents with work actually performed. One such meeting last year turned up records of some **\$1,000—little** to you, perhaps, but a lot to the village—having been spent on the construction of canals that had in **fact** never been built.

The experience of Rajasthan, however, points to an awkward chicken-and-egg problem. Rajasthanis could call their leaders to account only because the villagers had access to official records. Freer countries will be cleaner countries, which is why measures like the **OECD** convention need to go hand in hand with pressure **for** more democracy. Corruption is but one form of oppression.

Gore Plans *International Talks for. February* *On Strategies to Fight Government Corruption*

By GLENN R. SIMPSON

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—When Vice President Al Gore last month took the bold step of criticizing the government of Malaysia on its own turf and calling for a campaign in Asia “to root out corruption and cronyism,” the shock waves went round the world.

In Asian countries, Mr. Gore was denounced. “Ostentatiously rude,” declared former Singapore prime minister Lee Kuan Yew. Back home, political observers took note of one of Mr. Gore’s biggest moments yet on the world stage.

The White House insisted Mr. Gore wasn’t spreading his political wings, as vice presidents tend to do about two years before they launch their succession campaign. Maybe not, but he is about to take another step. Mr. Gore’s office is set to announce a major international conference, to be held here in February, to address corruption issues.

“Tragically, our best world-wide efforts to build stronger economies and stronger democracies are sometimes undercut by corruption—and no corruption is more evil and destructive than the corruption of government officials,” Mr. Gore, who is in Tennessee because of the death of his father Albert Gore Sr., said in a statement. “This conference will bring together many of the world’s top anticorruption experts with leaders from all around the world to organize a new global effort to fight corruption where it does the most damage—among key justice and security officials.”

The conclave, which is *expected to be* attended by representatives of more than 50 countries, will focus on strategies for fighting corruption in militaries, police forces, customs agencies and judiciaries. Plans include possible world-wide transmission by satellite, as well as “through the Internet and traditional channels” such as the Voice of America.

Organizers *hope* for a concrete agreement to create a reform process in which signatories monitor each others’ compliance with anticorruption processes. Master of ceremonies for the Feb. 24-26 meeting: Al Gore.



Al Gore

Political Appeal

Adopting the corruption issue has’obvious political appeal: It is a great way to win favor with U.S. companies that do business abroad. By and large, these companies detest dealing with crooked customs officials and rigged court systems. It is also a winner with Democratic constituencies such as human rights groups and their backers.

While the timing is politically propitious and the subject is a likely winner with the public and key constituencies, Mr. Gore’s advisers say those concerns aren’t what’s behind his increasing involvement in international corruption issues. Part of it, they say, is his longstanding interest in making government work better. Another part is tremendous awakening of interest around the world in tackling corruption. “That represents an incredible opportunity for the United States,” says a senior foreign policy adviser to Mr. Gore. “There are a lot of people running governments in the world who are really looking for ways to deliver good government.”

But the issue has its political risks for the vice president. One problem is that anyone who declares holy war on corruption risks being labeled holier than thou.

In Mr. Gore’s case, there are two specific problems: One is his close relationship to former Russian Prime Minister Viktor Chernomyrdin, who has been linked to the dark elements in the Russian oligarchy. The other is the continuing U.S. campaign-finance controversies. Election funding-related corruption currently isn’t on the conference agenda. Mr. Gore’s advisers say he is willing to take that flak, and that the vice president has conducted himself appropriately in these matters.

Good Timing

Outside observers agree Mr. Gore’s timing seems right. “Maybe it sounds like a platitude, but I think there is a general recognition that the whole issue of governance, bribery, etc., is destructive of everything people are trying to accomplish these days—trade, privatization; even aid relief,” says Nancy Boswell, managing director of the anticorruption group Transparency International’s U.S. chapter. “I think everybody recognizes that this is the issue of the moment. Not that it’s chic, but that it’s actually important?”

The conference itself has been in the works for almost a year. Last December, Mr. Gore came across a magazine article by Northwestern University sociologist Charles Moskos arguing that U.S. security threats in the post-Cold War era “now largely have to do with the crooked security forces of other countries.” Yet efforts to buttress rule of law in countries such as

Corruption Zones

Countries with the most corruption as perceived by business people in surveys. Ranked by index that gives the degree to which countries are seen as corruption-free with 10.0 being perfect.

COUNTRY	INDEX
Cameroon	1.4
Paraguay	1.5
Honduras	1.7
Tanzania	1.9
Nigeria	1.9
Indonesia	2.0
Colombia	2.2
Venezuela	2.3
Ecuador	2.3
Russia	2.4

Source: Transparency International Corruption Perceptions Index and Göttingen University

Mexico, Mr. Moskos wrote in U.S. News & World Report, were doomed to failure without a change in priorities. While the U.S. spends huge sums to help Mexico and other countries detect law-enforcement corruption, little effort is made to improve the near-subsistence wages upon which cops, soldiers and even judges sometimes have to rely.

Gore aides say their research shows this has been a neglected area in the anticorruption movement, which tends to focus on corporate bribe-paying. They’re

Wall Street Journal
Dec 7, 1998

Wall Street Journal
12/7/98

Gore International.....
Cont.....

hoping to put it **on** the agenda of major international organizations, including the United Nations.

Some major questions about the conference remain undecided. For example, it is unclear whether invitations will be extended to some of the most notoriously corrupt nations. In addition, Mr. Gore's organizers are allowing the invited governments to select their own delegates. But in many countries the best experts on the subject are sharp critics of their own governments, and thus aren't likely to be chosen.

In Argentina, the country's most famous corruption fighter is a former prosecutor, Luis **Moreno** Ocampo. He is also a stern critic of the government of Carlos Saul **Menem**. At an anticorruption conference last fall in Buenos Aires hosted by the Argentine foreign ministry, Mr. **Moreno** Ocampo wasn't invited to speak.

Aides to Mr. Gore say in some instances, they will make suggestions as to who some of the attendees should be. However, they are also hoping for attendance by high **government officials**, so that any agreements that are reached can be made to stick.

'The experience also isn't likely to be pain-free for U.S. law enforcement. In the spirit of the conference, U.S. delegates will be expected to talk about America's problems with corrupt border-control officials and other guardians of the law. Sooner or later, the issue of who is doing the corrupting is also going to come up. The big players on "the supply side" of the **corruption** equation, experts note, come from the countries with the money. Like the U.S.

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***323 DEMOCRACY AND CORRUPTION [FN1]**

Philip B. Heymann[FNaa]

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Introduction

I was asked to speak about corruption and democracy. I have a long history of concern about that relationship. In the United States, I helped establish the Watergate Special Prosecution Force that investigated and prosecuted the wrong-doings of the Nixon Administration. [FN1] I was our chief prosecutor during the Carter Administration and responsible at that time for our ABSCAM investigation [FN2] and prosecutions where, in the name of a fictional Middle- Eastern Sheik, we offered money in exchange for legislative services to a number of Congressmen and Senators. [FN3] We received too many **affirmative** responses. [FN4] I was most recently the first Deputy Attorney General under President Bill Clinton where I had to address, among other matters, the investigation **of our** most powerful Congressman, [FN5] the Chairman of the House of Representatives Committee that deals with taxation, for various matters as to which he has now pled guilty. [FN6] Between those occasions, I have worked in Guatemala and South Africa and, to a lesser extent, Russia--all places where the subject of corruption and democracy has at times been very rele **vant**. Finally, I have met with experts and delivered talks in Mexico and Argentina over relatively extended periods, again **on the** subject of corruption and democracy.

The subject of corruption and democracy is best broken into three separate areas. First, there are questions of corruption that have no special relationship to democracy at all. Still, they present very important practical and moral issues which I will identify. Second, I will examine the particular relationships of corruption and democracy. Third, I will review the democratic means for fighting the problem of corruption.

I. CORRUPTION WITHOUT SPECIAL REFERENCE TO DEMOCRACY

Perhaps like many people, I tend to think of the problems of corruption in terms of the way in which they may undermine democratic institutions. The great scholars of corruption address its effects more broadly than this. I had in mind two **of my** own countrymen, Judge John Noonan [FN7] who wrote an extended history of bribery, [FN8] tracing it to periods, places, and institutions that were-not at

all democratic, and Professor Robert Klitgaard, [FN9] who has written about the economic and developmental effects of corruption, [FN10] again often in places that are not democratic.

These two **scholars** differ in their approach to corruption. Both recognize that it has a somewhat unusual double meaning. The first definition in many **dictionaries** is purely moral, referring to any conduct or individual **that** is depraved, perverted, or debased morally. The second definition is often more closely associated with dishonesty or, even more narrowly, with the improper use of a position of trust for personal benefit. Klitgaard is most concerned with the practical consequences of betrayal of the trust that has been placed in an **individual** in giving him a **particular** position in business or government. [FN11] Noonan emphasizes ***325** the far broader, moral meaning of being somehow depraved. [FN12] Nevertheless, both focus on the giving and receipt of private benefits in exchange for favored treatment by a government **official** who is supposed to be deciding the matter without regard to his own private interests. [FN13]

Corruption, as secretly receiving private benefits to affect a decision that is supposed to be made in the interests of others and uninfluenced by private gain, is not solely **a problem** of governments. In this sense, a buying agent for a corporation may also be corrupt by demanding kickbacks to **influence** his purchasing decisions. Corruption is certainly not a problem solely of democracies. Some of the worst corruption has taken place under highly undemocratic governments including the Communist governments of the Soviet Union and the People's Republic of China and the authoritarian governments of regimes such as those in Zaire and Nigeria.

In terms of Judge **Noonan's** interest in morality, all of these settings share certain morally relevant characteristics. When an individual who has been placed in a position of trust on the understanding that he will act on behalf of someone else's interest and in accordance with certain understood criteria instead receives or demands personal benefits with the understanding that these will influence his decision, there is a betrayal of trust, there is deception and fraud, and there is a misuse of power. The victim of the betrayal of trust is whoever gave the individual the right to act on his behalf. The victims of the misuse of power include those who are denied the opportunity to deal with an organization on honest terms. Both groups are victims of the **fraud**. These concepts are so basic that it is unsurprising to find that every nation forbids bribery as a core form of immorality. [FN14]

From the perspective of Professor Robert Klitgaard, the purposes of an organization that placed trust in a dishonest agent are defeated by that dishonesty. [FN15] **If it** is a company trying to buy the best material for its manufacturing process, it is likely to get something else. **If it** is a government trying to prevent environmental degradation, it will be unable to accomplish this. Corruption ***326** is not inconsistent with rapid growth as major nations in Asia, Latin America, and Europe have demonstrated. [FN16] Businesses can come to understand a corrupt regime. But corruption is inconsistent with carrying out purposes of an administration that may be in conflict with the wishes of wealthy players in the private sector. In the long run, it is inconsistent with innovation by businesses spurred on by competition. Illicit payments become a tempting substitute for lower prices or product innovation.

The short of the matter is that even the most primitive and simple of enterprises cannot run without trust among its members. Cooperation requires trust, and truly efficient cooperation requires a

willingness to commit oneself to wholehearted pursuit of the objectives of the enterprise. That trust cannot survive the payment of private benefits to a person who has agreed to take part in the cooperative enterprise and has been given the power of others on the understanding that those benefits will be used solely for their purposes in order to induce him to divert the powers granted to pursue the quite different objectives of someone outside the enterprise. Bribery of its members is, therefore, a practice that **every** organization forbids and states enforce this prohibition when dealing with legitimate enterprises where cooperation is to be encouraged.

A word of caution is in order before leaving **this** most general area of **cooperation**. In real life, it is impossible to wholly separate private motivations from the use of authority entrusted for specific, non-personal purposes. Not every bit of loyalty to a **family** member or a clan, not every hope for a future employment or a valued friendship, may be forced out of the minds of people entrusted with authority for other **specific purposes**. So lines have to be drawn, and different lines are drawn in different societies. To recite the set of conflict of interest **rules** in the United States would take a long time. That the precise location of the line, however, is a subject of dispute or even arbitrary does not weaken the general notion that we must forbid payments intended to **breach** the trust on which cooperative undertakings depend.

“327 II. DEMOCRACY AND CORRUPTION

Latin Americans know better than most the use that leaders of military **coups** have made of the issue of corruption. It is probably the single charge most **frequently** set forth as a justification for a military take over. A century ago, Nietzsche said that corruption is simply the sign of the autumn of a nation. [FN17]

I remember being in Guatemala City early in the administration of President Vinicio Cerezo, [FN18] at a time when he was already being charged with various improprieties. [FN19] Colonels on several bases decided to launch a coup. [FN20] They were not stopped by any **significant** number of people taking to the ‘streets but by the Minister of Defense, whose centrality to the infant democracy on that occasion made clear just how **fragile** the democracy was. A few days later, President Cerezo attempted to show popular support for democracy and his administration by organizing a public parade. Few people appeared; the procession consisted almost entirely of school children brought in **from** the countryside. Suspicions of corruption had weakened the public demand for democracy to the point where it depended solely on the loyalty and judgment about reactions of foreign governments of General Hector Gramajo, the Defense Minister. Similarly, many believe that support for democracy in Russia is today dangerously thin, in large part because of popular resentment of corruption in President Yeltsin’s administration.

One critical relationship between corruption and democracy is thus that corruption can deeply undermine support for democracy in any **fragile** democracy. Corruption of an administration in the United States is very likely to lead to the election of the opposing party. The U.S. democracy, however, is an old and stable one where the basic institutions are not still questioned. Where democracy is younger and more fragile, corruption ***328** seems a reason to abandon democracy completely in favor of some form of other government that, it is hoped, will be **free** of that vice.

In these contexts, where democracy is not firmly rooted, the question of corruption becomes whom does a democratic government in fact serve? President Abraham Lincoln of the United States spoke 134 years ago in the Gettysburg Address about a government “of the people, by the people, and for the people” and **asked** whether it could long endure. [FN21] We are asking whether any other kind of democratic government can endure. A corrupt, democratic government is likely to look like it is for the wealthy and the well-connected, not a government by and for the people. If the choice to much of the population appears to be one between elected figures serving the interests of narrow but wealthy constituencies or authoritarian governments serving much broader interests, democracy is very much at risk.

Democracy is also more vulnerable to charges of corruption than other forms of government for two reasons. First, the freedom of speech, press, and political challenge that comes with democracy allows opponents of a corrupt administration to make much of its corruption. A military government or the government of a totalitarian communist regime simply does not tolerate this. Second, democracies have the special problem of funding expensive political activities. If they are not to be funded from tax revenues, they must be **funded** by private individuals who **will** want something from the candidates they support. Campaign contributions are rarely disinterested. Candidates know **from** whom they come and why, and candidates remember that they will need them again. Their discharge of a trust afforded them by all of the people is inevitably affected by their personal interest in raising the **funds** necessary to be elected. This is a form of bribery, however reluctant we may be to use that term, and it undermines the support of elected governments in a way that has no application to other governments.

Finally, there is the question of whether it is harder or easier to attack corruption in a democracy. I think it should be easier. The people of every country hate corruption and feel cheated by ***329** it. The more a government is responsive to its citizens' wishes, the more likely the agents of government will feel a counterbalance to the temptations of corruption. Moreover, the existence of a free press provides an important mediator for public opinion. It can discover and document instances of corruption and reveal them to sizable populations. That can be a powerful deterrent.

In **describing** these relationships of corruption and democracy, I have been too general in several ways. Some final distinctions may be useful. Corruption may take place at a high level or at low levels throughout a system. It may be widespread and systematic at whatever level it is operating, or it may be sporadic and occasional. Obviously the threat that corruption will create cynicism, suspicion, and eventually citizen distrust not only of an administration but of the very manner by which administrations are chosen, democratic elections, depends upon which of these areas of corruption is present. High-level corruption is far more dangerous to democracy than low-level corruption **If the** highest levels are honest, citizens are more likely to seek a change in administration to demand honesty at lower levels. Systemic corruption is far more dangerous to democracy than occasional and sporadic corruption. It may change the entire outlook of a population, leaving the trustworthy feeling as **if they** have been foolish and encouraging children as well as adults to accept cheating as a way of life.

III. WHAT CAN BE **DONE** IN A DEMOCRACY TO END CORRUPTION?

I have spent weeks discussing problems of corruption in Argentina, and I have recently returned from conversations with Italian magistrates addressing corruption in **Milan**, Naples, Palermo, and Rome. I have spent years dealing with corruption in the United States. Every nation is unique in its particular forms of corruption **and in** the institutions and powers it has available for dealing with them. Every democratic nation is unique in the support that the fight against corruption enjoys from high government officials and from the public at large. Still, there is a logic to the problem of a democracy fighting corruption that **is** general wherever the corruption may be. I will try to describe ***330** that logic, apologizing in advance for the extent to which I will be emphasizing the techniques used in the United States.

Choosing the United States as an example is not simply a matter of convenience because that is my country. It is also **useful** because the United States has been relatively successful. I consider the level of corruption in the **United States** low for a country so vast and diverse and with such complicated governmental structures. A good way of making this point is to say that there are few if any places or types of governmental activities where one could safely offer money to an executive, legislative, or judicial official to influence his or her decision. The United States has brought about a high measure of compliance with a relatively limited commitment of law enforcement resources (about two hundred years of FBI agent time each year and perhaps about a hundred years of federal attorney time) and a pattern of internal inspectors general in any state or federal department affecting significant private interests.

A. Four Ways of Reducing Corruption

To understand the problem a democracy faces in controlling corruption, it is a useful exercise to imagine trying to create a setting for corruption so perfect that even a decently honest person would be tempted severely. Quite simply, we would want a situation with a large bribe, unlikely to be detected, and an atmosphere in which one was thought to be foolish, rather than honorable, in declining such opportunities.

To get the large bribe, we need high stakes for private interests and realizing those stakes must turn on a governmental decision by a single individual. **If the** decision is made by the concurrent decision of a number of people, the rewards will decrease and the risk will grow. For **safety** from detection, the decision must either be so discretionary, so lacking in standards, that the purchased choice will not look suspicious, or it must be hidden in the obscurity that characterizes some of the lowest level of governmental choices.

Even with these conditions met, most of us would feel a strong moral compulsion not to take a bribe. **After all**, as Judge **Noonan** points out in his book on bribes, every nation has for ***331** bidden them **[FN22]** and the prohibition is millennia old. **[FN23]** To make the perfect setting for a bribe, we need a solvent of conscience. That would be an atmosphere in which everyone believed that loyalty was for fools, that everyone took what they could get, and that one deserved ridicule more than praise for turning down an opportunity to **enrich** one's self in an official capacity. In addition, conscience pangs may be reduced by a plausible argument that the particular type of payment would not really influence one's decision, that the decision did not really matter, or that accepting money on this occasion fell into an exception to the rules about bribes.

Our task, in fighting corruption, is to eliminate as many of these conditions as possible. Part of the difficulty is **that they** reinforce each other. It may not be possible to change the mores of an organization or of the government without reducing the opportunities for corrupt advantage. But it is politically **difficult** to take the hard steps necessary to reduce the opportunities for corruption so long as cynicism smothers social demands for honesty. The job of the corruption fighter is to deal with both of these conditions simultaneously by making visible the corruption that will outrage the citizenry in a democracy **and, with** the support of that public reaction, bringing cases that show that corruption is not safe.

Corruption, thus, can and should be addressed simultaneously in four different areas. The first two are major ways of attempting to deal with corruption, but each of them requires significant changes in what might otherwise be the preferred way of conducting the business of government. First, market conditions can be created to reduce the private stakes that turn on the decision of any single individual. Second, government operations can be **changed to** reduce the discretion exercised by officials. The third approach is to change public and organizational attitudes towards self-dealing when using government authorities. I am going to focus, however, on a fourth set of alternatives, the development of management and law enforcement strategies with the object of making corruption apparent despite the desire of the parties to keep it secret.

***332 B. Strategies to Make Corruption Visible**

The central concept behind both management and law enforcement strategies is coming to understand the difficulties of engaging in corruption secretly in different settings. To engage in corruption, a government official and a private party must identify each other as potential corrupt partners, find a way of reaching an agreement, and then deliver what each has promised without being detected. Each of these steps can be extremely difficult, for in each there are **vulnerabilities** to detection.

Let me give you an example. How could a judge who wanted to be corrupt in adjudicating a **civil** case let a litigant know that he is willing to take a bribe without exposing himself to investigation and prosecution? If a judicial rule generally forbids meeting with a single party in the absence of the other, any private meeting will raise suspicions and is likely to be detected. Putting that impediment in the way of a secret transaction is an important management tactic as part of an overall strategy of making the secrecy necessary for corruption difficult and uncertain. Moreover, the litigants before the judge are likely to change regularly so there are too many for the judge to contact safely with a corrupt offer. It would be much safer to deal through particular lawyers, but they will have to let litigants know of their contacts with the judge and that, too, imposes risks. It may also be **difficult** for the judge to deliver. If he is regularly reversed by higher courts in cases involving a particular attorney who always seems to win, that may be noticed by opposing attorneys and lead to rumors that then come to the attention of law enforcement authorities.

In short, the processes that are necessary to market corruption have **vulnerabilities** attached to them. Exploiting those vulnerabilities, once identified, is the central concept of any law enforcement or management strategy to control corruption. Identifying these vulnerabilities to detection requires

coming to understand, for different settings, what tradition or practicality is likely to dictate the mechanics of three things: finding corrupt partners, making payments, and delivering what is purchased--each in an inconspicuous way. Corruption is likely to work in ways dictated by an organization's routines and local social conditions.

***333** The corrupt deal also depends upon the particular area of governmental activity. Beyond mere theft of government property, the methods of carrying out corruption and, thus, the vulnerability to detection is likely to differ in the cases of different forms of police corruption, sale of exemptions from regulation or tax collection, grease payments to speed a slow process, Corrupt procurement, sale of access to inside information, legislation, and **judicial** decisions. Different strategies are necessary depending upon the different situations and ways in which corruption takes place because the strategies should depend upon how vulnerable to detection each type of corrupt business is in the tasks of finding corrupt partners, making payments, and delivering what is purchased.

C. The Importance of the Tools of Management

I have spoken of law enforcement and management strategies because we have learned that preventive management strategies are, in some settings, as important as law enforcement strategies. To deal with widespread or simply low level corruption, prosecution is likely to be too costly, clumsy, and sporadic an answer. Management controls are essential. Management strategies also have the advantage of allowing the chief to put into place systems that will make more visible unusual decisions, or unusual benefits, or the agreements that **link** them. I have already mentioned computer systems and requirements of approval by several officials. Periodic review of **decisions, reporting** requirements in terms of an employee's changing financial assets, and conflict of interest rules are all familiar examples. Management systems can also allow remedial action to be taken earlier and on a less certain basis than criminal prosecution.

There is a paradox about the notion of fighting corruption by management change in internal operations. A dishonest employee who is prepared to take a bribe in exchange for forgoing the obligations he has assumed will also be willing to ignore or circumvent record keeping, review, or other management requirements designed to make any corrupt action more visible. So the crucial characteristics of any management device designed to prevent corruption are that efforts to circumvent the device are more likely to be detected than would corruption without it and that compliance makes corruption either more ***334** visible or, like the U.S. prohibition of **judges** meeting with one party alone, more difficult to carry out.

D. The Needed Political and Institutional Structures

Finally, we have learned that a set of institutional and political structures of support are necessary to carry out either a law enforcement or a management strategy against corruption. Making use of law enforcement and management strategies based on analysis of the vulnerability to detection of **corruption** in **different** settings depends on four conditions being satisfied:

1. The necessary substantive laws defining illegal conduct and the necessary laws creating preventive measures, such as a rule requiring sealed bids or forbidding ex parte meetings with judges;

2. The needed management, auditing, and investigative powers to find out if the substantive laws are being complied with;

3. The **necessary** organizational structures to carry out the enforcement of the laws; and

4. Sufficient popular political support for attaching corruption to induce elected leaders at a high enough level to tackle it *i.e.*, to carry out the previous steps:

a. General public outrage over corruption; and

b. Threat of media or legislative disclosure of whatever corruption is ignored or covered up.

These deserve special attention in any discussion of the relationship of corruption to democracy.

IV. CREATING THE NEEDED STRUCTURES FOR POLITICAL AND INSTITUTIONAL SUPPORT IN FIGHTING CORRUPTION

A. Clarifying the Legal and Organizational Obligations to Avoid Self-Dealing

The first step of carrying out a strategy for dealing with corruption in a particular area or in all areas is to **define** with some precision what is forbidden. As Judge **Noonan** notes, throughout history this has proved far more **difficult** than we sometimes, ***335** recognize. [FN24] The questions of definitions for criminal purposes that we have found most difficult in the United States are:

. In what situations should we prohibit or limit campaign contributions intended to win the favor of a particular official or, at least, gain preferred access to him or her?

. How do we deal with reciprocity where there is no articulated understanding or quid pro quo, particularly when there is a chain of reciprocity that involves more than two people?

. Is receiving some benefits in exchange for exercising discretion in a particular way permissible if the government loses nothing; for example, where it is buying a uniform good or service that sells for an 'established price from one seller rather than another?

. When is it all right to furnish advanced information and when is it wrong?

. Is it a conflict of interest for a government official to continue to decide matters of importance to company X when he or she anticipates **seeking employment from** the company but no negotiations have taken **place**?

All of these are very **difficult** questions.

In other countries, another problem of definition is fundamental, the line between a gift and a bribe. In some countries, for example Germany, it is improper to start an investigation unless investigators know what the official did in exchange for the money. In the United States, it is sufficient that an official knew that something was given in appreciation for an official act. Beyond that, the United

States has specific ethical prohibitions for receiving gifts. [FN25] I attended a conference on corruption in Berlin during February of 1995. [FN26] A number of the German speakers addressed the corrupting effect of **gifts** given for five or six years before a favor is even asked. They spoke of prices being **thirty** percent higher in public construction in Frankfurt and it being almost impossible for an honest competitor to compete when large presents are accepted without thought and reciprocity is considered absolutely natural.

The managerial rules must also be made explicit. How fully ***336** are decisions to be documented? How much of a record must be kept? What forms of review will there **be**? What are the internal rules for disqualification?

The point is simply that we all have a general idea of what conduct is so self-serving that it should be forbidden by criminal law or management provisions. But the extent of vagueness and disagreement within that general category itself poses a substantial impediment to fighting corruption. Clarifying the rules is a necessary first step.

B. The Need for Investigative and Managerial Powers to Determine if the Rules are Being Followed

It is well to begin with a reminder of a half dozen serious **difficulties** facing those fighting corruption whether by managerial or criminal processes. First, those who know about the corruption are likely to be participants or close friends of participants and unwilling to **furnish** information. Second, participants will not willingly create records that disclose the existence of corruption. Third, efforts to discover corrupt officials by having investigators pretend to be private parties-willing to pay for a governmental decision are often regarded as politically motivated or immoral unless there is **first** significant evidence that corruption is ongoing in a particular area. Fourth, investigators **often** fear economic or other reprisals by the subjects of an investigation. Fifth, the complexity of the business and government setting in which corruption may take place is likely to pose grave **difficulties** for investigators who are unfamiliar with the activities they are reviewing. Finally, fighting corruption is made more difficult by the fact that often the merits of a decision are unclear so that it is almost impossible to identify highly unusual governmental actions. We should think about the needed law enforcement and managerial powers against this background.

Even this imposing list of **difficulties** may hide a deep-seated problem in investigating corruption. I know it is deeply troublesome in each of our countries. Broad public cynicism will undermine a healthy democracy. Thus, members of Congress in the United States complain bitterly about the attitude many in our public have towards them. I am sure it is much worse in some other countries. Preventing corruption, the only real cure for cynicism, requires, however, that police, prosecutors, and ***337** management be vigilant and indeed suspicious in watching for corruption. Because the temptation is always present, corruption will reappear if we do not watch for it.

Watching requires investigating by internal units or by police and prosecutors, and there is nothing that elected or career officials like less than public investigations of their activities. Investigations invade their privacy, damage their reputations, make it more difficult for them to continue in office, and damage public respect for their institutions. Thus, corruption investigations are the least popular form of law enforcement among officials, although **often** the most popular with the public at large.

I was confronted with this dilemma sharply in the ABSCAM investigations in the United States. There were **rumors** that members of Congress were willing to take money in exchange for legislative action. Such rumors themselves, especially if not responded to, breed public cynicism. In response, the FBI offered money to whomever was rumored to be willing to take it. A number of members of Congress took the FBI bribes. [FN27] The resulting scandal was immensely resented by perfectly honorable members of **our** Congress, some of **whom** had been investigated and many of whom had not. [FN28] Failing to follow-up on the rumors, however, would have bred distrust. The situation is typical of that **confronting** law enforcement **officials** after they have learned of suspicions or rumors of corruption and before they are quite sure **of who** is involved and who is not. In that intermediate stage, every effort to detect wrong-doing is likely to be interpreted as an unfair invasion of privacy, causing improper damage to an individual's and an institution's reputation. In the long run, however, the price of public trust in its elected and other **officials** is that law enforcement officials follow-up on rumors and investigate.

1. The Needed Law Enforcement Powers , .

The powers of law enforcement officers must be adequate to become aware of likely corruption, to turn suspicion into evidence, and to rebut the passionate denials of one of two parties to a corrupt exchange.

How do investigators become aware of a problem of corruption ***338** in a particular area? In the United States, they will follow media reports and pursue rumors and suspicions of those who work in an area that, because of tradition or vulnerability to corruption, is likely to be corrupt, and they will invite complaints, anonymous or otherwise, by competitors, clients, or fellow employees. Investigators will also establish formal auditing procedures to review records that are required to be kept by particular government officials or by private individuals who may be paying a bribe. Beyond this, by making known the seriousness with which the United States takes corruption, the U.S. Government lets criminals of all sorts **know that** their cooperation in uprooting corruption is likely to reduce their sentences.

To transform a reasonable suspicion that there is corruption in a particular area into a criminal prosecution, investigators need the power to review official records of the actions of suspected officials to detect patterns of favoritism. They need to be able to subpoena private financial records in the hope of finding evidence of improper payments or receipts. It helps greatly if investigators may trade a reduced sentence or immunity **from** prosecution for testimony **from** someone who works in the area of suspected corruption but who has been caught giving a bribe or in another crime and is anxious to make a deal. In Italy, as in the United States, some investigators have learned that allowing bribers to declare themselves the victims of extortion will generate a great deal of evidence of bribe-taking. [FN29] Finally, investigators may disguise themselves as corrupt individuals and offer to engage in corrupt transactions.

To deal with the problem of the lack of credibility as a witness of someone who has engaged in corrupt transactions himself and now stands to benefit by a reduced sentence, the U.S. Government relies extensively on the use of recording devices or microphones. Then the informant or undercover agent can be asked to discuss past, ongoing, or **future** corrupt activities with a suspect. The tape of

the resulting conversation will more than offset the difference in credibility between a high level government ***339** official and someone who has admitted to being a bribe giver.

2. The Needed Management and Auditing Powers

Managers need the power to do whatever is necessary to assess honesty in hiring. A lack of background checks has been blamed for the extent of police corruption in some of our cities such as Washington, D.C. **[FN30]** Managers need the power to test employees by providing false opportunities for corruption or by establishing systems to monitor what people with financial interests regularly select which officials to deal with. Unions **often** object to such tests, but these tests are essential. Managers who strongly suspect that corrupt activities are taking place need the power to transfer or reassign individuals without proof of their involvement in corruption. Much corruption may be prevented by regularly rotating individuals, thereby disrupting established relations with those paying graft.

In addition, managers need the power to transfer and reassign subordinates who are making no effort to deal with likely corruption in areas under their responsibility. **In** New Orleans, for example, where a number of officers were found to be engaged in drug dealing **[FN31]** and recently one **convicted of** contracting for murder, **[FN32]** the chief of police needed the power to impose some form of sanction on supervisors who did nothing to prevent this conduct. They also needed more punitive sanctions to fire or suspend officers. **Non-**vested pension rights can help a great deal.

Besides these powers over the individual employee, managers fighting corruption need the powers to shape an organization's processes so as to make an individual exercise of discretion less frequent and more transparent in cases where the decision is of substantial financial importance to private individuals or organizations. The manager can involve more than one person in making the decision and require review of the decision at higher levels. He or she may require bidding procedures. He or **she** may impose record-keeping requirements that may help by ***340 identifying** the irregular government decision or forcing the corrupt employee to an uncomfortable choice between revealing the irregular transaction or **falsely** accounting for it and risking discovery or failing to account altogether for it and risking discovery.

Often it is easier to identify a missing or false record than to find the underlying offense. Finally, the manager may need the authority to destroy trust in the market for corruption by having honest officials pose as corrupt and then report any 'overtures.

Armed with these powers, law enforcement and government managers largely can deter corruption **if they** have **the advantage** of the organizational structures necessary to use these powers to enforce the rules. So, let us turn to that.

C. The Necessary Organizational Structures to Enforce the Rules

The final capacity that both managers and law **enforcement** officers need is the power to create offices that are motivated, skilled, and independent to enforce the rules I have just described. Such structures are needed in at least four places. There must be effective inspection and auditing units within every organization. Some police investigative units must be specialized in public corruption.

Prosecutors have to have sufficient credibility as well as skills in these cases. Additionally, courts must be available to try cases of corruption within a reasonable period of time and with adequate accuracy.

1. Internal Inspection Units

As a start, only such **units may** become highly specialized in the work and, thus, in the possibilities and vulnerabilities of corruption in the highly specific setting of a **particular governmental function** or location. Part of the problem is skills. Police are not normally trained in the accounting and auditing skills that are necessary for detecting corruption in complicated financial or business transactions. Part of the problem is experience. Internal investigators can and will become expert enough in the business of the agency to detect unusual patterns in records or visible behavior. A final part is concentration of effort. An internal agency may best put together a portfolio of preventive detection and remedial measures for a manager anxious to fight corruption.

***341** In addition, an internal inspection agency may be given the **power** to put in place or to recommend that there be put in place internal processes to create the information sources which are likely to reveal otherwise hidden corruption. These will often be management information or other record-keeping systems. Sometimes, there will be simply a network of human contacts. The latter is particularly important in police work.

What are the crucial conditions necessary for such agencies to play their role? Investigators need vigorous support for their mission at the highest level of the agency. The agency head may demonstrate that support by the vigor with which he or she pursues any signs of corruption. The agency head may be brought to want to demonstrate such support by being held responsible for corruption in the agency whether or not he was aware of it and by making sure that information about corruption in the agency is likely to be brought out by the press, independent auditors, or investigative committees. Such internal investigative units also need independence **from** the threat of later reprisals by those within or outside of the agencies whose activities are being systematically reviewed.

With all of these powers and support, the success of an internal anti-corruption agency depends importantly upon the internal culture of the parent organization. Where corruption is thought of as normal, employees **feel** they have nothing to lose by way of reputation or adequate pay, and everyone believes someone else will be corrupt **if not** they. It may take mammoth steps, far beyond the powers of an internal anti-corruption agency, to change that culture. **The** problems are doubly complicated when the parent organization is thought to be incompetent in many ways, for incompetenceresults in decisions that are often indistinguishable from one of the telltale signs of corrupt decisions, inexplicability.

2. Specialized Police Units

Specialized police units must supplement internal investigative units as one of the important checks on their vigor and integrity. Moreover, only a police unit may carry an investigation outside of an organization, **examining** the activities of the private parties involved in corruption. Furthermore, in the United ***342** States, often police are much better trained to turn **information** about corruption into

a form that is usable in criminal trials.

Why do we need these specialized units? As we have seen, anti-corruption laws are difficult to interpret. Anti-corruption investigations are necessarily more intrusive and, therefore, more difficult and sensitive than investigations in which there is a victim to complain. A specialized police corruption unit is likely to develop an esprit de corps that will generate the energy necessary to sustain interest over time. Furthermore, because corruption investigations are likely to be long, officers who are not specialized and who are dealing with other **matters**, will find the urgency of violent crime displacing the long-term demands **of** fighting corruption.

The members of these units particularly need protection against the retaliation of powerful political figures. They need specialized training. They should learn to work closely with professionals trained in the law, who can guide them through investigative steps without threatening democratic institutions by mistake.

3. The Role of the Prosecutor

The role of the prosecutor is a crucial role, for it is the prosecutor who can most vigorously assert one of the central demands of the rule of law, that the powerful, including elected leaders, are subject to the law and cannot legally or safely serve their private interests. Making this point effectively with the public is at the heart of the task of **dealing with** corruption.

The most serious problem in every country is that prosecutors are suspected of being heavily involved with the potential targets of their investigations. They are, therefore, suspected of either favoring friends among the powerful or unfairly targeting opponents of the powerful. Moreover, to the extent the prosecutor succeeds in embodying public demands to pursue and punish the corrupt, the prosecutor becomes a prominent political figure, adding to the suspicions of his motivations. We have seen examples of this in the United States, [FN33] Italy, [FN34] Spain, [FN35] Argentina, [*343 FN36] and Colombia. [FN37]

The major problem is, thus, to insure in a way that is credible to the public that a prosecutor is willing to bring cases against the powerful and to resist pressure to bring **unwarranted cases** against the opponents of the powerful. This assurance may not be achieved by a public pressure so intense that the prosecutor will be responding or catering to it and not to the merits of the case.

For these reasons, there are a variety of devices in the United States for providing “outside” prosecutors in some cases of political corruption. Federal prosecutors attached to the national Government handle most cases of state and local corruption. In addition, an independent counsel, appointed by judges, handles federal cases involving the highest level officials in the Federal Government. Even such special prosecutors require reliable investigators, but we have found that the Federal Bureau of Investigation can handle that responsibility with independence and skill.

There are, of course, problems with special counsel. They are likely to be less familiar with the operations of a government. They may have a strong desire to establish their own reputations at the expense of political figures. They may be reluctant to dismiss technical or ambiguous conduct that

is generally ignored and should not really be treated as criminal. They do guarantee, however, credibility in this politically sensitive area.

4. Adequate Court Systems

Finally, criminal prosecutions are essential to guarantee the integrity of a system, particularly with regard to high-level officials, and they depend upon court systems that are adequate and sufficiently independent to try major figures. I have worked in developing countries **where** neither capacity nor independence could be assumed. The result is **that** any such trial would **some** *344 how get delayed and obstructed along the way and would be unlikely to lead to a guilty verdict even when it was clearly warranted by the evidence. Charges against the wealthy and the powerful are always difficult to handle **efficiently**, promptly, and at reasonable cost. They must be pursued, however, or the anti-corruption system will lack credibility. If the promotion of judges in a career system or future political appointment in a system that selects its judges in that way obviously depends upon the favor of those who are being tried, the results will also lack credibility,

All this is true of more than courts. Each of the agencies that I have described must somehow be given a substantial amount of independence from the highest political leadership. So must the committees of the legislature that can investigate corruption. There are a variety of devices for this even within an administration. Under President Jimmy Carter, Attorney General **Griffin** Bell published rules stating that my decisions as the Chief Prosecutor would not be overruled by my superiors except in public and with an explanation of reasons. [FN38] A legislature may create similar protections for prosecutors through provisions like our independent counsel laws. Most important, of course, is tradition. High political officials may make it public and obvious that they will respect a tradition of independence of law enforcement officers, particularly in cases alleging crimes by high officials. This in turn however, often depends upon popular demands.

D. Popular Demands for Political Leaders to Take the Steps Described Above to End Corruption

The simple fact of the matter is that high level officials have little incentive to take the issue of corruption seriously, aside from public demands enforced through election machinery. This is obviously true if officials are themselves vulnerable to exposure for improper actions: I helped set up the Independent Prosecutor's Office that investigated 'President Richard Nixon for Watergate. [FN39] The President did not willingly take the step of *345 appointing a special prosecutor, Archibald Cox. [FN40] He did not willingly take action against his own chief aides, John Ehrlichman, [FN41] Bob **Haldeman**, [FN42] Charles **Colson**, [FN43] and John Dean [FN44] He did not willingly turn over tapes that would expose his own wrong-doing. [FN45] He did not willingly appoint a new special prosecutor after firing Archibald Cox. [FN46] He took each of these steps because the immense power of the public demands that he take them and for no other reason.

Even when elected officials are less directly involved, however, they are unlikely to find advantage in pursuing corruption in their own houses. Elected officials have other more important issues to worry about. They know that something close to corruption often funds their campaigns and their parties. Exposure of self-dealing within their governments creates more bad publicity than good. Moreover, those revealed to be involved in corruption are likely to point their fingers at others.

Finally, the targets of corruption investigations are likely to be friends or supporters of high political leaders.

Despite all **this**, **there** is a great interest throughout the law enforcement community in the United States in bringing corruption cases, and there is no likelihood of a high political figure preventing these institutions **from carrying** out their responsibilities. What makes the response to corruption vigorous in the United States is the political potency of the issue and, particularly, of accusations of “cover-up.” It is the reciprocal support of formal and informal systems, of government and press, of investigation and scandal. This has been true in **the** case of Watergate, [FN47] Iran-Contra, [FN48] Whitewater, [FN49] and every other major public ***346** investigation.

For many countries, the problem is to create or release public anger at corruption and at the failure to deal with it.- The public can become passive if it believes that corruption is inherent in the very nature of government, that the state goes its own way **and is** not responsive to public demands, that everyone in private or public life is out for themselves anyway, and that cover-up is the normal practice of governments. These turn out to be self- fulfilling beliefs because they kill the political demand for honesty by making it seem naive, undermining public spiritedness and hope. Yet, without a powerful, public demand for strong action against corruption, political leaders will not act against it, and a failure to act reinforces public skepticism. So the cycle goes on and on.

A government that wants to dispel these **self-fulfilling** doubts and encourage the public demands that are the final guarantee of significant action against corruption must take dramatic actions that establish hope. Internal reforms and reorganizations are unlikely to have this effect. The public is too likely to believe that they are just for show. What is often necessary is to bring charges against the highest level officials who are corrupt and to dramatically withdraw political control of how the charges are then handled, leaving that to judicial and **prosecutorial** professionals.

There is, at least potentially, a great public interest in corruption and cover-up. This is manifest all over Europe, the United States, and Japan with considerable **regularity**. It is also true of Latin America. That interest may be swamped by intense concerns about a war or depression, but it is likely to be very prominent at most times. Only a widespread and profound cynicism can eliminate that interest. It is the core responsibility of political leaders to prevent that cynicism, that distancing from the state and from any sense of public responsibility, from occurring. That is the final requirement for fighting corruption

FN^a. This Address was originally given at the Milenio Foundation conference on corruption in Latin America and Europe held in Bogota, Colombia on July 2-4, 1996.

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FNI. Charles R Babcock, **Heymann** of Harvard, Watergate Ex-Aide, Picked for Justice Job, Wash. Post, Mar. 29, 1978, at A9.

FN2. John T. **Noonan**, Jr., Bribes 606-07 (1984). The U.S. Government used a fictitious business, Abdul Enterprises, as a cover for a sting operation. Id. at 605. ABSCAM is a

contraction of Abdul and scam. Id.

FN3. Id., at 604-19.

FN4. See id. (describing success of ABSCAM); United States v. Myers, 635 F.2d 945, 947-48 (2d Cir. 1,980) (summarizing ABSCAM operation).

FN5. See Toni **Locy**, Rostenkowski Fraud Plea Brings **17-Month** Sentence; Former Ways and Means Chief Fined \$100,000, Wash. **Post**, Apr. 10, 1996, at A1 (describing sentencing of Representative Dan Rostenkowski).

FN6. Id. On April 9, 1996, Rostenkowski pleaded guilty to two counts of mail fraud and was sentenced to 17 months in prison and fined **US\$100,000**. Id.

FN7. Reagan's Circuit Nominees Confirmed in 1985, Legal Times, Jan. 6, 1986, at 5. Judge **Noonan** sits on the Ninth Circuit Court of Appeals. Id.

FN8. **Noonan**, supra note.2.

FN9. Robert Klitgaard, Controlling Corruption (1988) [hereinafter Controlling Corruption]. Robert **Klitgaard** is professor of **economics** at the University of Natal, South Africa. Robert Klitgaard, What Can Be Done? Fighting Corruption, UNESCO Courier, June 1996, at 34.

FN10. Controlling Corruption, supra note 9.

FN11. Id. at 11-12, 190.

FN12. **Noonan**, supra note 2, at 702-03.

FN13. Id. at **685, 704-05**; Controlling Corruption, supra note 9, at x-xi, 10-11, **46-48**.

FN14. **Noonan**, supra note 2, at 702-03.

FN15. Controlling Corruption, supra note 9, at 47.

FN16. See id. at 30-36 (discussing corruption as aid to economic growth).

FN17. **Friedrich** Nietzsche, The Gay Science, § 23, at 98 (Walter **Kaufmann** trans., 1974).

FN18. Douglas **Farah**, **Guatemalan** President Dashes Backers' Hopes, Wash. Post, May 13, 1995, at **A21**. **Vinicios** Cerezo was President of Guatemala **from** 1986 until 1991. Id.

FN19. See, id. (**describing** Guatemalan discontent with Cerezo); Ken Anderson & Jean-Marie Simon, Guatemala Democracy is an Army in Disguise, L.A. Times, May 29, 1988, at 2 (criticizing army dominance of Guatemala and ineffectiveness of Cerezo); Wider Army

Unease Behind Failed Coup, Latin Am. Wkly Rep., May 26, 1988, at 3 (describing May 11, 1988 coup attempt).

FN20. Wider Army Unease Behind Failed Coup, *supra* note 19, at 3.

FN21. Abraham **Lincoln**, Address at Gettysburg, Pennsylvania (Nov. 19, **1863**), in Abraham Lincoln, Speeches and Writings 1859-1865 536 (Library of America 1989).

FN22. **Noonan**, *supra* note 2, at 702-03. ,

FN23. See *id.* at xx (dividing history of bribery into epochs).

FN24. See **Noonan**, *supra* note 2, at 687-90, 695-99 (distinguishing types of reciprocal exchanges).

FN25. 18 U.S.C. § 201.

FN26. Korruption in **Deutschland**: Ursachen, Erscheinungsformen, **Bekämpfungsstrategien** (Berlin, Feb. 16-17, 1995).

FN27. **Noonan**, *supra* note 2, at 607-10; Myers, 635 F.2d at 947-48.

FN28. **Noonan**, *supra* note 2, at 616-19.

FN29. See, e.g., Selwyn **Raab**, New York Officials of Plumbing Union Charged in Bribery, N.Y. Times, Oct. 15, 1993, at 1 (stating that New York District Attorney's office does not indict bribers who are victims of extortion); Brunella Giovara & Nino Pietropinto, **Torino**, interrogato Romiti; **All'uscita dalla procura**: e andato **tutto** bene. I **legali**: ha fomito le **spiegazioni richieste**, La **Stampa**, June 16, 1995 (reporting that Fiat employees accused of bribery were later treated as victims of extortion).

FN30. Philip P. Pan, DC., P.G. To Recruit 400 Officers; Hirings are Largest Since '89-'90 Expansion, Wash. Post, May 19, 1996, at **B1**.

FN3 1. Adam Nossiter, Police in New Orleans: Film Noir in Real Life, N.Y. Times, Dec. 19, 1994, at A14.

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Id. Di Pietro himself has been charged with corruption several times. Id.

FN3 5. Unpopular Parties, *Economist*, Dec. 14, 1996, at S 13.

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FN39. Babcock, *supra* note 1, at **A9**.

FN40. Fred Emery, *Watergate, The Corruption of American Politics and the Fall of Richard Nixon 355-57* (1994).

FN41. Id. at 245.

FN42. Id. at 296.

FN43. See id. at 242, 426-28 (describing Colson’s departure from White House and later indictment).

FN44. See id. at **292-302**, 3 18 (describing circumstances of Deans departure).

FN45. Id; at **370, 405-06**.

FN46. Id. at 407.

FN47. Emery, *supra* note 40, at xi-xiii. Watergate refers to the Washington, DC. apartment complex where the Democratic National Committee headquarters was burglarized on June 17, 1972. Id. The ensuing payoff to the Watergate burglars and the White House cover-up led to the resignation of President Richard Nixon. Id.

FN48. **Lawrence** E. Walsh, *Final Report of the Independent Counsel for Iran/Contra Matters* reprinted in Lawrence E. Walsh, *Iran-Contra: The Final Report* xv (1994). The Iran-Contra affair involved the secret efforts of the Reagan Administration to obtain the release of hostage U.S. citizens in the Middle East through weapons sales to Iran despite an existing arms embargo. Id. The Administration also secretly supported Nicaraguan rebels, the Contras, despite a Congressional ban on such aid. Id.

FN49. *Monkey Business?*, *Economist*, Jan. **18**, 1997, at 2 1. Whitewater was a failed

Arkansas land deal. Id. An independent **counsel** is investigating President Clinton's possible involvement with fiscal improprieties related to Whitewater. Id.

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ENHANCING THE INTEGRITY OF JUSTICE AND SECURITY OFFICIALS: THE CRUCIAL ROLE OF SOCIETY AND CULTURE.

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Safeguarding the integrity of justice and security officials, the professional guardians of society, cannot be left exclusively to the law enforcement and regulatory systems. Effective laws, regulations, and enforcement are essential, but they resemble one wheel of a two-wheeled cart. A sympathetic and cooperative public, and a culture of lawfulness, constitutes the second wheel of the cart. Without this second wheel moving compatibly, the cart will make little progress.¹

This paper examines the complimentary roles of regulation and culture. Where they come together, as they have in such diverse regions as Sicily and Hong Kong, they have been remarkably effective.

After a brief diagnosis of society and the threats posed by corruption and criminality, the paper lists three types of practices that have proven effective in complementing the regulatory/law enforcement approach, as well as other non-regulatory practices that provide additional reinforcement.

Crime and Corruption: A Profile

Practices to enhance public integrity need to be considered against the general profile of society. Public officials are drawn **from** society at large, and they tend to reflect and respond to the general society of which they, their families, and their friends are a part.

As one astute veteran of anti-corruption programs puts it, in almost any modern society a small percentage of the population is inclined or drawn to criminal activity and corruption. There appears to be little that can be done to eliminate this tendency completely. Fortunately, this group is relatively small, in the order of three to ten percent of the population.

On the other hand, another segment of the population, also in the three to ten percent range rejects criminality altogether. Probity and honesty reign. Almost regardless of the conditions in which this group lives, they shun the temptation to lie, cheat, or steal, or take other measures that violate society's laws and regulations. They appear to have acquired a type of cultural immunity to these societal ailments.

¹ For the analogy of the two wheels of a cart, I am indebted to the Honorable Leoluca Orlando, Mayor of Palermo, and Member of the European Parliament.

Anti corruption strategists sometimes make a similar distinction and refer to "institutional" and "societal attributes" that foster corruption, and the necessity for "institutional" and "societal reforms." See, for example, recent publications of the Center for Democracy and Governance, US Agency for International Development.

This leaves eighty to ninety percent, most of the population, in **question**.² A variety of political, economic, and social conditions can influence the direction of this overwhelming majority. Some conditions are likely to increase susceptibility to crime and corruption on the one hand, or support for the rule of law on the other. The challenge is to diagnose with precision which specific conditions are most influential. While much more research is needed, from what is now known, a two-part approach is required to minimize the negative and accentuate the positive: first, regulatory practices that circumscribe the influence of “the bad guys,” the three to ten percent who will almost certainly engage in criminality at some point; and, second, a supportive cultural atmosphere for those who stand up for the rule of law and public integrity.

“Two Wheels”

In recent years, governments and international organizations, regional and global, increasingly have focused on the law enforcement and regulatory side of the equation. Almost every international, regional, and national body has adopted, or is in the process of adopting, anti-corruption measures. Progress has been made, but in many places the regulatory response is still not adequate to the challenge.

However, it is logical to expect, and experience has demonstrated, that the effectiveness of the regulatory response can be enhanced considerably by supportive local and global culture. If most of society comes to believe that the rule of law and the law enforcement/regulatory systems are what preserves and improves the quality of life for everyone, government and law enforcement, will be able to function more effectively in myriad ways. Those who transgress will find themselves targeted not only by law enforcement, but also by many sectors of society.

In such a culture, screening systems can be improved to prevent those inclined toward corruption **from** joining the ranks of justice and security officialdom. Exposing those who elude the screening system can be intensified. Attention can be focused on preventing and rooting out corrupt practices, without having to increase unduly intrusive surveillance and regulatory practices harmful to individual liberties and creative initiatives.

Without a sympathetic and supportive public, the regulatory/enforcement system is likely to be overwhelmed. Where the culture of corruption is dominant, it must be changed. In those areas where the culture is neutral, or hanging in the balance, the culture of legality needs to be institutionalized. Where the culture of legality is more or less established, it needs to be reinforced. In a multidimensional environment and globalizing world, these are tasks for both governmental and non-governmental bodies at the national, regional, and global levels. Enhancing the integrity of public officials is both a local and global concern.

² This diagnosis of society was first explained to me by Bob Leuci at a 1998 seminar for Mexican and US school teachers and curriculum innovators who were developing a course and lesson plans to counter crime and corruption on both sides of the border. Bob Leuci was a New York City police detective who worked undercover on police corruption for the US Attorney for the Southern District of New York in the 1970s. His story was told in a book, and later made into the movie *Prince of the City*. Leuci is now a writer and lecturer on anti-corruption strategy and techniques.

Specific Effective Practices

What specifically can be done to further this culture of legality that is conducive to public integrity? Based on successful efforts to date, **three main ingredients** or effective practices appear to have made a difference.

1. The need for transparency and protection.

The first is a regulatory/enforcement system that permits openness and protects those inside and outside government who take a stand against corruption. Societies in which the public and the media can monitor and examine government programs, policies, and decisions, and make their findings public, have been among the most successful in maintaining the integrity of public officials. To do this, laws and regulations need to provide both the public access to information and the freedom to disseminate their findings - subject only to those legal limitations necessary to protect society and individual rights. The media, for example, must be able to report on alleged corruption in public and private places. This needs to extend from the national and community levels to the global - so that the public can keep track of allegations, arrests, trials, and dispositions of the individual cases that make up the patterns and practices of their local and global neighborhoods, and, if necessary, to do something about it.

At the same time, the regulatory/law enforcement system has to protect those who acquire and disseminate knowledge about public corruption. There are few conditions more frightening and conducive to corruption than the fear that police or security officials will retaliate against 'whistle blowers', especially in their ranks, through physical or psychological intimidation. Such protection may require special units and arrangements for those who expose and fight corruption. Whether individuals come forward for selfish reasons (for example, to avoid harsh jail terms) or from remorse, they and their families need protection.

Protection programs that have been organized nationally, and internationally, are amongst the most successful initiatives that have contributed to effective law enforcement, and to fostering a culture of legality. These have included protection for the Italian *pentiti*, the program for criminal defectors who, starting in the **1980s**, provided key information on the Mafia and its collaboration with public officials. The United States and other countries assisted in this program? Similar protective programs now have been established in a number of countries, and international cooperation in witness protection has increased, although such programs are still far from universal.

2. Leaders and Role Models.

A second ingredient in promoting a culture of lawfulness is closely related to free speech, access to information, and protection. It is a society that encourages leaders of all kinds - political, cultural, media, religious, educational, labor, and business - to speak out, and to lend their authority to anti-corruption efforts, even when their targets are important players in public institutions with which they are friendly or supportive.

It is useful to condemn corruption in general terms. However, when the leaders, "**heros**," or "role models" know a lot about the practices and people they are condemning, it is even more effective. If they are willing to be specific, to name the individuals or parts of the establishment they are attacking the

³ Richard A. Martin, "The Italian-American Working Group, Why it Worked," in *Trends in Organized Crime*, Volume 4, Number 3, Spring 1999.

effectiveness is multiplied. It requires great personal and psychological courage - and almost certainly physical protection - to criticize or expose people or institutions that have been or may be allies in other struggles or causes.

For example, for over a hundred years, until 1982, the Catholic hierarchy in Sicily and the Vatican did not even publicly admit to the existence of the Sicilian Mafia. It was not until 1985 that the Pope spoke out against the “evil institution” on the Island. This change in high level attitudes reflected a struggle that had been taking place inside the Church for a long time. A minority of priests was able to persuade some, but not all the hierarchy, that however close the Church had been to Mafia leaders, their businesses, and law enforcement and political collaborators, the time had come to break the Church’s silence. It took great personal courage for these priests and later individual Cardinals to attack an institution to which the Church had, to some extent, been allied for decades. When this respected authority acted, it provided a great boost to the anti-Mafia movement in Sicily.

In the ensuing years, others in areas of Sicily dominated by the Mafia, began to shine the light of publicity on specific politicians and officials believed to be corrupt. This was a major advance in the struggle against the Mafia and it brought about a huge change in the culture of corruption that had gripped parts of Sicily for decades.

One of the bravest and most outspoken is the mayor of Palermo, Leoluca Orlando. In the late 1970s and early **1980s**, **Orlando**, a Catholic, was close to local church leaders seeking the changes discussed above. He was also an up and coming leader in the ruling Christian Democratic Party. In the mid **1980s**, he broke with many of his political colleagues, in effect, over their unwillingness to break with the Mafia. Orlando maintains that it is important for credible leaders to expose corruption and the specific individuals who are involved. As he puts it, “Mafia money and the corruption it brings have gone elsewhere...Why? Because in Palermo now there is too much bright light, too much noise for the Mafia. They prefer darkness and silence for their **investments**.”⁴

In many parts of the world now, local efforts to shine the light on corruption are beginning to receive support from international governmental organizations such as the UN’s Center for International Crime Prevention, Interpol, and the **OAS’s** Inter-American Drug Control Commission (CICAD). Transnational **anti-corruption** and civic education organizations such as Transparency International (based in Berlin) and Civitas (based in Strasbourg) also have taken up the challenge. Transparency International (TI) has mounted an extensive Internet site, <http://www.transparency.de/>, promoting and encouraging public awareness. The site provides guidance on how to counter corruption, encourage public debate on the issue, and calls for ‘whistle blowers,’ individuals who expose corruption they have discovered in the organizations they belong to or work for. “Combating **corruption** sustainably is only possible with the involvement of all the stakeholders which include the state, civil society, and the private sector.” says **TI**.

TI has established national chapters in countries around the world, and has developed a source book on its Web site that “brings together best practice” in the area of building and maintaining a country’s national integrity system.” It notes that many groups are organizing to publicize official information about publicly-financed projects so that the affected public knows who has been contracted for what, and for how much money. So informed, concerned members of the public can confront the responsible officials and demand accountability if these officials are involved in improprieties.

⁴ “Free to Get Rich,” excerpted from “Furthering a Culture of Lawfulness” Civitas International and the National Strategy Information Center, 1997.

Working with professional civic educators in many countries, Civitas sponsored an international conference in Mexico in 1997 to focus attention on the need to foster a culture of lawfulness. Its next global meeting, on June 15-22, 1999, will be held in Palermo, Sicily to provide educators from around the world with an understanding of the "Palermo Renaissance," the specific techniques that can be used to foster such a culture, and the role that formal school and community organizations can play.

3. Education Programs to Combat Crime and Corruption

The third practice that has helped to promote a culture of lawfulness is civic and community education. Empowering and educating the citizenry is essential. Knowledge, attitudes, and skills are not automatic. Systematic, formal, and less formal education programs in schools, professional associations, trade unions and the workplace, and religious institutions appear to make a difference when coupled with the previous conditions.

School-based education, for several reasons, appears to be one of the most promising ways to advance and foster these requisite qualities. Schools are amongst the most important, widespread, and strategic civic education organizations. Most, but not all young people attend primary school, and more and more are attending secondary school. Second, schools are amongst the most well-endowed civic organizations in any society. Schools have facilities to hold formal classes, for example, on crime and corruption, and the opportunities to organize supportive extra-curricula and cultural activities in their communities. Most schools have teaching materials, books, and some have new information technologies. The staff, particularly the teachers, are close to the students, and are respected members of society. Schools can reach large numbers of children, and through them, their parents, and the community at large.

A variety of learning strategies and approaches can be tailored to individual educational systems. The most systematic and tested anti crime and corruption program, that in Hong Kong, was started in the 1970s.⁵ Less formal though widespread activities appear to have been effective in Palermo and in parts of Western Sicily since the early 1990s.⁶ New initiatives now have been launched in such disparate places as Botswana in southern Africa, and in the US-Mexican border area.

Promising But Untested

Two promising but untested anti-corruption practices are international and transnational pressures and popular culture. Though hard evidence does not yet exist to confirm their efficacy, logic, intuition, and indirect evidence suggests they may be effective.

Governments, international organizations, and non-governmental organizations can bring **international and transnational pressure** to bear in many ways and in various **fora** to further a culture of lawfulness in a particular region. They can praise or condemn various actions; promote business and tourism or

⁵ Accounts of the Hong Kong experience can be found in Richard C. LaMagna, *Changing a Culture of Corruption*, Working Group on Organized Crime, National Strategy Information Center, 1999; and, T. Wing Lo, "Pioneer of Moral Education: Anti-Corruption Education in Hong Kong." *Trends in Organized Crime*, Volume 4, Number 2, Winter 1998.

⁶ Accounts of the anti-Mafia cultural movement in Sicily can be found in articles by Jane and Peter Schneider. See especially, Jane Schneider, *Lessons from Anti-Mafia Education in Sicily*. *Trends in Organized Crime*, Volume 4, Number 2, Winter 1998.

discourage it; and create incentives as well as disincentives. They can reward courageous heros, advocacy groups, and the media, whose efforts to expose crime and corruption, may put them in danger. They can also steer business and investments to cities, regions, and countries where the rule of law is respected and promoted.

Likewise, the numerous manifestations of **popular culture** can potentially reinforce the values that make for law abiding, values-oriented citizenship. Films, popular music, television, advertising and other elements both reflect and contribute to behavior. Artists and media mirror society but they also are trend setters who influence behavior.

Were the creative talents that go into the production of box office hits, platinum records, and similar market successes applied to glorifying the exploits of the whistle blowers and anti mafia heros of our world, and to promoting respect for moral values and law, it would likely contribute to the fight against crime and corruption by affecting attitudes and values.

For example, if the popular media reinforces drug **trafficking** and ***machismo***, as the ***narcocorridos*** [popular songs about drugs] do along the US Mexican border, it is more difficult to convince the population, especially young people **on** both sides of the border, to oppose these practices. If, on the other hand, music, books, magazines, and **films** stress the negative effects on the lifestyles of those who go down this path, they are likely to weaken the allure of crime and corruption.

This is not to suggest that creating this popular culture, and criticizing negative images in the popular media are primarily the work of government. This is neither feasible nor desirable. Rather, the cultural leaders, artists, and foundations who support popular culture, and the entrepreneurs who provide the financial **infrastructure, need** to make appropriate choices about the conditions and values they are reflecting and to which they are contributing.

Conclusion

This paper has argued that two parts or “wheels” - the regulatory and the cultural - are important to protect the integrity of public officials. Each reinforces the other, and they must be symmetrical and synchronized to produce maximum efficiency.

Three proven ingredients have fostered such a culture: first, free speech, access to information, and a protective governmental apparatus; second, leaders, role models, or heros, with the credibility to expose corruption and justify sustained anti corruption campaigns and practices; and, third, school-based and community oriented education programs. Without these three ingredients, the regulatory approach on its own is likely to fail, or to become too intrusive, expensive, and counterproductive. Global pressures and incentives, and sympathetic popular culture can reinforce the cultural practices that already have proven successful.

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<http://www.publicintegrity.org/main.html>

Civitas
<http://civnet.org/civitas/civitas.htm>

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